Atlantic Provinces Transportation Commission

IMPACT OF FUTURE CHANGES IN RAILWAY SERVICES IN THE MARITIME PROVINCES

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INTRODUCTION

A preliminary study performed by APTC in June, 1986, on the "Future of Railway Services in the Maritime Provinces", concluded that major sections of rail lines serving the Maritimes are likely to be abandoned within the next ten years. It was, therefore, decided by the Directors of the Atlantic Provinces Transportation Commission (APTC) that, with the support of the Governments of Nova Scotia, New Brunswick and Prince Edward Island, a more comprehensive study should be undertaken by APTC staff. The objective of the study would be to determine the potential impact of the loss of rail service on regional shippers and receivers, as well as the resulting increase in tonnage and freight vehicles that will move over public highways.

Support from the Maritime Provinces' governments was provided and, in the case of Nova Scotia, the support was jointly provided by the provincial government in partnership with the federal government through the Department of Regional Industrial Expansion.

SUMMARY AND CONCLUSIONS

The two major railways (CN Rail and CP Rail) operating in the Maritime Provinces may, within the next five years or less, cease rail operations over approximately 49% of rail lines currently being used. These potential abandonments will affect all three Maritime Provinces to varying degrees. In Nova Scotia, CN Rail lines along the South Shore and the Dominion Atlantic Railway (operated by CP Rail) through the Annapolis Valley are potential candidates for abandonment. In New Brunswick, CP Rail lines serving St. Stephen, St. Andrews, Fredericton and the Upper Saint John River Valley, as well as CN lines serving Fredericton and Havelock are among the lines which are candidates to be abandoned. Prince Edward Island is expected to be without rail service within five years.

Seventy-six (76) current shippers or receivers on affected rail lines in the Maritimes expressed concern over the possibility of losing their rail service. Several other current users of rail service did not express concern. Some did not express concern because they were anticipating a shift in modes for their transportation requirements in any case or they were in the process of or had previously shifted to trucking for all their transportation. For others, the changing nature of their business dictated a change. Increased transportation costs were the main consideration of those that expressed concern. Other concerns were expenditures for capital projects required to shift from rail to truck, loss of freight rate competition, anticipated shortage of trucks, highway conditions and spring weight restrictions, delay on ferry services, difficulty of product transfer for intermodal shipments and loss of competitiveness of their products in the marketplace. Some of those that expressed concern are using rail for only a small portion of their overall transportation needs while others rely heavily on rail service. In many cases rail is utilized for a particular vital product which because of its nature or the distance from the supplier or market requires rail transport.

Seventy-two shippers indicated that they had the ability to shift to other modes of transport although many would incur capital costs for equipment and facilities. Four firms, three in New Brunswick and one in Nova Scotia, felt that they would not be able to remain in business if they no longer had rail service. These firms employ between 230 and 350 full time and seasonal workers in New Brunswick and approximately 200 in Nova Scotia. These jobs would be in jeopardy should rail service be discontinued.

A number of firms estimate that if total projected trackage abandonments materialize immediate increases in freight costs will be incurred. These increases based on 1987 dollars are anticipated to total $985,000 in Nova Scotia; $2,512,000 in New Brunswick; and, $721,000 in Prince Edward Island. These increases will be incurred and compounded in future years as freight rate increase.

A shortage of adequate trucks is anticipated especially by those having commodities which move on a seasonal basis. Shippers to and from Prince Edward Island also expect that delays in the ferry service which are being experienced now will continue and worsen as truck traffic increases. While there appears to be adequate overall capacity on the ferry crossing seasonal peaking and daily bunching of trucks create delays.

Many firms expressed the opinion that the loss of rail service by itself will not cause difficulties that cannot be overcome. Nevertheless it will be a further constraint of doing business in their area which competitors may not face. This is especially the case for those competing in markets in Western Canada or the United States against products from other areas which will continue to enjoy rail service. Within the Maritimes, plants which are located on railway mainlines will continue to have rail service and may have an advantage over those located in areas where rail service will be discontinued when they are competing in the same markets.

A major impact of the loss of rail service will be the increased truck traffic on Maritime highways. It is estimated that an additional 19,300 loaded trucks will move over highways in New Brunswick; 6,800 in Nova Scotia; and, 4,500 in Prince Edward Island. Approximately 95% of these vehicles will be returning empty to their point of origin due to the lack of available traffic for back hauls or because of the specialized nature of the equipment. The increase in truck traffic in New Brunswick is much greater than in the other two provinces because of several large volume shippers and because trucks from Central Canada and the United States pass through New Brunswick on their way to P.E.I. and N.S. Also, Saint John and Moncton are the locations for the railways' major intermodal terminals serving the region and this intermodal traffic to and from the other two provinces passes over New Brunswick highways.

The potential for the establishment of short line railways over portions of some rail lines which may be abandoned requires further study. These are the CN line from Halifax to Liverpool and the DAR line from Halifax/Windsor Jct. to Kingston in Nova Scotia. In New Brunswick, the CP lines from McAdam to Milltown, Nackawic to Fredericton Jct. or McGivney, and Hartland to St. Leonard should be investigated further. Those lines with the best potential appear to be the DAR line from Halifax/Windsor Jct. to Kingston, or a portion of that line, to accommodate the gypsum traffic alone and the CP line from McAdam to Milltown.

Both CN Rail and CP Rail have announced their intention to reduce the scope of their rail operations in coming years as they are faced with a declining market and reduced income. Part of their strategy is to promote the use of their piggyback and intermodal services to customers on branch lines. Both railways have spent large sums of money to improve existing intermodal facilities or construct new ones. In addition to the impact on provincial highways it will also impact on rail service on remaining lines. The impact is expected to be greatest on CP Rail mainline service between Montreal and Saint John which will likely suffer reduction of one train per day in each direction. This reduction will be the result of the combination of the loss of the container traffic from the Port of Saint John and the loss of traffic currently on the branch lines. CN Rail service on their mainline from Montreal to the Maritimes is not expected to be affected by the reduction of traffic on the branch lines as they will continue to handle most of this traffic by rail to their intermodal facility at Moncton.

RECOMMENDATIONS

(1) That the Provinces of New Brunswick and Nova Scotia request federally funded studies to examine the economic merits of short line railways and other potential alternatives as identified in this report in their respective province.

(2) That the Maritime Provinces approach the federal government to seek increased funding for highways to reflect the impact that increased truck traffic will have as a result of rail line abandonments.

BACKGROUND

Both CN Rail and CP Rail have made policy pronouncements to the effect that major sections of branch line trackage must be abandoned. The railways have concluded that future railway service will be limited to serving major points and areas where there is a concentration of rail traffic. To a large extent rail car service is expected to be limited to main line trackage with much of the remaining trackage expected to disappear. This, the railways point out, will not mean the total elimination of service to points no longer reached by rail trackage, as both carriers propose to offer service to non-rail points by means of intermodal operations. This includes the rail piggyback mode offering door-to-door service using highway trailers and containers, as well as a distribution centre concept involving specialized handling and transfer facilities at main line rail locations to permit the transfer of both bulk and non-bulk commodities to truck for movement to and from non-rail locations.

According to the railways this new direction is the result of a combination of an economic need to scale down the size of the rail plant, caused to a large extent by declining traffic and an inadequate rate of return, along with proposed deregulation of transportation in Canada. Increased competition stemming from deregulation alone is expected to place further pressure on the railways' net revenue position.

Under the proposed deregulation of rail transportation in Canada, as reflected in Bill C-18 (this Bill was before the House of Commons awaiting third reading on the date of this report), the railways' ability to abandon rail lines is expected to be greatly enhanced. Under the proposed legislation the railways will not be required to establish an operating loss in order to apply for abandonment (at present the railways must establish a loss for three consecutive years preceding an application). In addition, under present legislation abandonment applications are limited to branch lines whereas it is proposed in Bill C-18 to extend this to include all railway lines.

The overall result of these and other streamlining measures should be greater abandonment of uneconomic rail lines.

TERMS OF REFERENCE

Objectives:

- to assess the impact on rail users (shippers and receivers) resulting from the potential abandonment of rail lines.

Scope:

The study will identify and evaluate the following:

- the rail lines that CN Rail and CP Rail may be expected to abandon in the Maritime Provinces over the short and long term;
- the rail users on affected lines and the impact on their operations;
- the alternative transportation modes available to shippers and receivers and the costs resulting from these alternatives;
- the ability of regional manufacturers and producers to retain markets in the face of increased transportation costs, as well as the impact on regional employment;
- the impact of rail line abandonments on the level of train service for the movement of rail traffic on remaining rail lines in the Maritimes; and,

- the increased tonnage and freight vehicles that will move over the highways for each route in the Maritime Provinces under short term and long term rail line abandonments.

Study Procedure:

The methodology adopted to complete the study consisted of the following:

Requirement	Method
- a determination of rail lines considered to be candidates for abandonment in both the short and the long term.	(a) a search of APTC files containing records of CTC decisions and orders of existing abandonment applications; and, (b) meetings with senior officers of CN Rail and CP Rail to develop a list of potential abandonment applications.

. . . .

- a determination of potentially affected users of the lines expected to be abandoned.	(a) a search of various sources including APTC files, industrial directories, etc.; and, (b) through contact with railway officers, government departments and industrial development agencies.

. . . .

Requirement	Method
- a determination of the utilization of rail services by potentially affected rail users, including an assessment of the following impact on their operations: . alternative modes of transportation and costs relating thereto; . ability to retain markets; . impact on employment; . estimate of additional tonnage and freight vehicles expected to move over public highways; and, . impact of the loss of direct rail service on the level of rates of other modes.	(a) explanatory letter and questionnaire sent to approximately 150 potentially affected rail users; (b) follow-up interviews with 134 rail users consisting of those who indicated concern, as well as those who failed to reply (in time) to the questionnaire; and, (c) assembly and analysis of data, including the use of a computer spreadsheet as well as a detailed evaluation of the availability and cost of alternative modes of transportation.

. . . .

- a determination of the impact of rail line abandonments and resulting loss of traffic on the level of train service for the movement of rail traffic on remaining rail lines in the Maritimes.	(a) meetings with senior officers of CN Rail and CP Rail.

. . . .

In addition, meetings were held with provincial government and DRIE officials to review progress and receive additional input. Meetings were also held with regional CTC officials for an exchange of views, and with CN Marine Atlantic officials to address the impact of additional truck traffic moving to and from Prince Edward Island in relation to the capacity of the ferry service. For the purposes of this study, the possibility of a fixed crossing to P.E.I. was not taken into consideration.

RAILWAYS' - FUTURE DIRECTION

Two key elements of the new national transportation policy statement help to bring the railways' future direction into focus. They are:

- "Competition and market forces are to be the prime agents in providing economic, efficient and adequate transportation services at the lowest total cost."; and,

- "In order to encourage competition both within and among the transportation modes, economic regulation of carriers will be minimized." ("Freedom to Move: The Legislation", p. 3).

The prospects are for all firms in the transportation marketplace to be facing more intense intermodal and intramodal competition.

Throughout Canada both railways have experienced an overall decline in traffic volumes in recent years due partly to a softening of export markets for a number of Canadian resources (including many bulk commodities that represent a significant proportion of total rail traffic), relatively modest growth in the Canadian economy and increased competition from U.S. railroads and truckers.

Apart from overall traffic volumes the two railways have a large proportion of light density lines. According to CN Rail about one-third of their trackage carries almost 90% of their total traffic; another one-third carries 9% of their traffic; while the remaining third carries only 1% of the total traffic. Another pertinent CN statistic is that roughly 70% of their total traffic is carried in Western Canada (west of Thunder Bay). CP Rail claims that roughly one-half of its network carries only 3% of its total volume. According to CN and CP they are both maintaining a large number of uneconomic lines and, from the perspective of railway earnings, much of their network has become obsolete.

Confronted with the economic reality of a declining market and reduced income, the two major railways are embarking on a program of consolidation and rationalization to reduce costs. A key part of this will be major abandonments over the next five years. These abandonments will take place throughout the country, including, the Atlantic Region, with the exception of protected grain dependent lines in Western Canada (15,947 miles of CN and CP lines in the Prairie Provinces are under statutory protection to the year 2000, representing approximately 97% of total CN and CP lines in that part of Canada).

While the railways are embarking on a program for major abandonments, they do not wish to forego traffic unless they have no way of competing on a viable basis through the provision of intermodal services. In fact, both railways have been offering intermodal services for a number of years. In all three Maritime Provinces, the railways have actively promoted these services and encouraged shippers on branch lines to utilize the piggyback mode rather than the rail mode. To some degree, these services have been responsible for the attrition of rail traffic on many branch lines. However, the thrust of intermodal services has been to compete with truckers.

As a means of preserving as much of the market as possible in the face of rail line abandonments, the two railways are expanding and improving intermodal services. A variety of services in lieu of rail service are offered intermodally, including:

- railway owned trailers on flat cars with service largely on a door-to-door basis;
- common carrier highway carrier trailers on flat cars with service largely on a ramp-to-ramp basis;
- shipper owned or leased trailers on flat cars with service on a ramp-to-ramp basis, door-to-door basis, or a combination of the two; and,

- a distribution centre concept involving specialized handling and transfer facilities at main line rail locations to permit the transfer of both bulk and non-bulk commodities to trucks for movement to and from non-rail locations.

Major intermodal distribution centres have been established by CP at Saint John and by CN at Moncton. CP Rail has reportedly spent $300,000 to upgrade its facilities in Saint John while CN has spent approximately $17.3 million for new facilities and equipment at Moncton. These centres offer specialized facilities for the transfer of highway trailers to and from rail cars, as well as the transfer of both bulk and non-bulk commodities between rail and truck. Commodities being accommodated intermodally through these centres include:

Feed Grains
Fertilizer Ingredients
Fish Meal
Chemicals, liquid and dry
Liquid Sweetener
Plastic Pellets
Steel
Building Materials

There is potential for additional commodities to be accommodated provided they are compatible with existing facilities or where there is sufficient volume to defray the cost of new facilities over a reasonable period. There is also *potential for locating intermodal transfer facilities at other* locations but again, conditional on sufficient traffic volume to support the expenditure. In the case of CN Rail there are other terminals located at Edmundston, Campbellton, Halifax and Sydney where intermodal trailers are transferred between rail and road but most piggyback trailers will be transferred between rail and road at Moncton. This will be done in conjunction with the extension of CN's "Laser" intermodal train service between Toronto/Montreal and Moncton. These dedicated intermodal trains formerly operating between Montreal, Toronto and Chicago were extended to Moncton on April 6, 1987. This service will offer second morning delivery between the Maritimes and Central Canada to bring it more into line with comparable service being offered by CP Intermodal and truckers.

Despite improvements in and increased emphasis upon rail intermodal service, the loss of direct rail service through line abandonments will not be without increases in transportation costs to some users. This will be dealt with in more detail under the section dealing with the impact of abandonments on rail users. A further result from line abandonments will be the addition of more freight vehicles moving over public highways as discussed later in the section dealing with the impact on provincial governments.

BRANCH LINE ABANDONMENT PROCESS

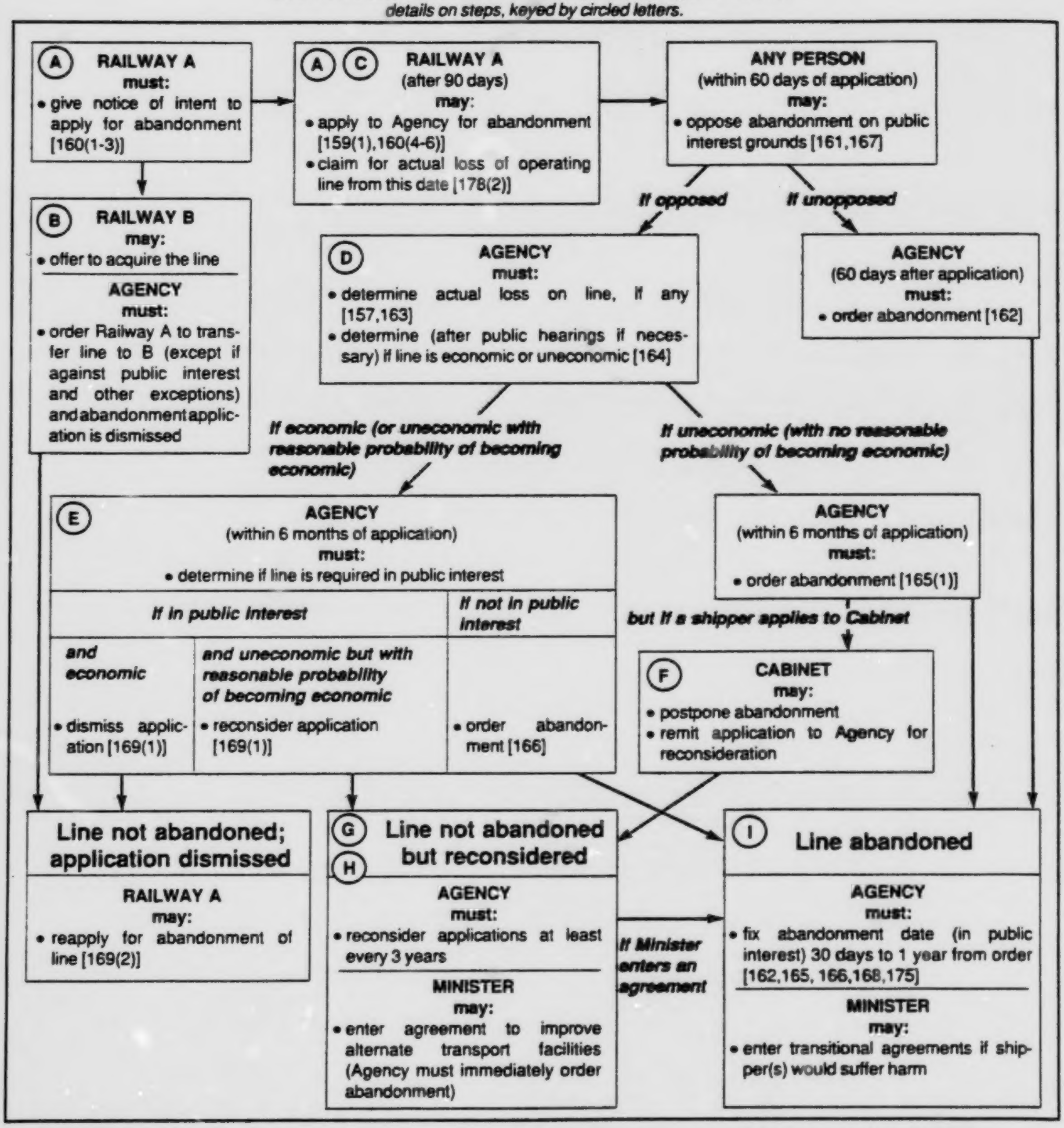
Under present legislation the process for the abandonment of rail lines has proven to be slow and uncertain. There are no time limits upon the regulators and in many cases hearings are not held for several years. The CTC may decide that a branch line be either abandoned on a specific date or retained. In the latter event, the case may be reviewed within five years and at five-year intervals thereafter until the CTC decides that the line should be abandoned or until the line ceases to be uneconomic. In a recent review by the federal government, there were examples cited where major subsidies were being paid to the railways to maintain branch lines in the public interest where little or no traffic was moving over the lines.

Under Bill C-18 major changes are proposed for dealing with rail line abandonments which are designed to speed up the process and to make it more flexible. The March, 1987, edition of the WESTAC Newsletter contains a concise and graphic outline of the proposed abandonment process which, with the permission of the Council (Western Transportation Advisory Council), is reproduced in this report as follows:

24. BRANCH LINE ABANDONMENT

Steps for abandoning branch lines[1] are set out.

Below is the outline of the ***abandonment process****. Pages 25-26 show details on steps, keyed by circled letters.*


Ⓐ RAILWAY A
must:
• give notice of intent to apply for abandonment [160(1-3)]
Ⓐ Ⓒ RAILWAY A
(after 90 days)
may:
• apply to Agency for abandonment [159(1),160(4-6)]
• claim for actual loss of operating line from this date [178(2)]
ANY PERSON
(within 60 days of application)
may:
• oppose abandonment on public interest grounds [161,167]
If opposed
If unopposed
Ⓑ RAILWAY B
may:
• offer to acquire the line
AGENCY
must:
• order Railway A to transfer line to B (except if against public interest and other exceptions) and abandonment application is dismissed
Ⓓ AGENCY
must:
• determine actual loss on line, if any [157,163]
• determine (after public hearings if necessary) if line is economic or uneconomic [164]
AGENCY
(60 days after application)
must:
• order abandonment [162]
If economic (or uneconomic with reasonable probability of becoming economic)
If uneconomic (with no reasonable probability of becoming economic)
Ⓔ AGENCY
(within 6 months of application)
must:
• determine if line is required in public interest
If in public interest
If not in public interest
and economic
and uneconomic but with reasonable probability of becoming economic
• dismiss application [169(1)]
• reconsider application [169(1)]
• order abandonment [166]
AGENCY
(within 6 months of application)
must:
• order abandonment [165(1)]
but if a shipper applies to Cabinet
Ⓕ CABINET
may:
• postpone abandonment
• remit application to Agency for reconsideration
Line not abandoned; application dismissed
RAILWAY A
may:
• reapply for abandonment of line [169(2)]
Ⓖ Ⓗ Line not abandoned but reconsidered
AGENCY
must:
• reconsider applications at least every 3 years
MINISTER
may:
• enter agreement to improve alternate transport facilities (Agency must immediately order abandonment)
If Minister enters an agreement
Ⓘ Line abandoned
AGENCY
must:
• fix abandonment date (in public interest) 30 days to 1 year from order [162,165, 166,168,175]
MINISTER
may:
• enter transitional agreements if shipper(s) would suffer harm

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Note: The abandonment process for branch lines may be modified to apply to any other line. [158(3),181] There are transitional provisions for applications made under the Railway Act. [160(7)]

[1] i.e. line/segment in Canada of federally regulated railway, subsidiary/secondary/local/ feeder relative to a main line. [157(1)]) Agency may determine at any time: if a line is a siding/spur/trackage ancillary to a line of railway (to which abandonment application does not apply). [157(4),159(2)]

[2] i.e. in period beginning on date of notice of intent to make abandonment application and ending, if unopposed, 60 days after notice and if opposed, on date of abandonment order.

[3] Transfer order must not take effect until after Cabinet order prohibiting abandonment is revoked/amended). If transfer occurs abandonment application, if any, is terminated. Line continues to be a branch line even though it is not a subsidiary/secondary/local/feeder line of Railway B. [174]

[4] Claims to be filed with Agency before July 1st in year after loss/expenditures incurred. Claim period begins on date of application and ends on date fixed in an abandonment order (or as amended) or date order is rescinded by Cabinet/Agency or date railway transfers line to another railway. Period excludes all/part of crop year for designated grain dependent branch line under WGTA. [178(1,4)]

[5] Where payment has been made and actual loss of railway differs from Agency-certified amount (due to subsequent determination) Agency may: issue additional certificate to Minister at any time, certifying actual loss and recommending addition to/subtraction from payments or adjust subsequent certificates. [179(1)]

Ⓐ Application to Abandon

RAILWAY A
must:

- **give notice of intent** (at least 90 days before application to Agency/prescribed persons in prescribed manner) to apply for abandonment. Traffic and costs/revenues attributable to line for prescribed years must be included. Agency may reduce/eliminate time requirements if considered in public interest [160(1-3)]
- **apply to Agency** including above data (notice must be given to prescribed persons) [159(1),160(4-6)]

Ⓑ Transfer of Line

RAILWAY B
may:

- **offer** to purchase, lease or otherwise acquire a line (and assume obligation to operate it) from Railway A when line abandonment process is underway[2] or if line under Cabinet abandonment prohibition (copy to be filed with Agency) [174(1,2,6)]

AGENCY
must:

- **order**, after holding public hearings if considered necessary, **Railway A to transfer line**[3] to Railway B **except** where:
  - it determines transfer **not in public interest (must notify both railways)**
  - line cannot be abandoned because of Cabinet **order** within 6 months after abandonment application made
  - it gives notice that it proposes to **reconsider** application, or
  - **Railway** A agrees to a **later** date, before that later date
- **specify** that **price** will be as **agreed by railways**, or set by **Agency** regulations if no agreement [174]

Ⓒ Line Subsidies

RAILWAY A
may:

- **claim**[4] **for actual loss** of operating lines under application for abandonment or under Cabinet abandonment prohibition [178(2)]

AGENCY
must:

- **certify** losses/expenditures of every claim
- **publish** payment information before July 1 each year [180]

MINISTER
may:

- **pay**[5] claims on Agency recommendation unless a province, municipality or other person has undertaken to pay [178(6)]

Ⓓ Actual Loss

of railway attributable to a line is
costs reasonably incurred
in efficient operation and movement of traffic on line
minus **revenues from line** [157(2)]

AGENCY
(in determining actual loss)
may:

- **include/exclude any cost/revenue factor** it considers appropriate (need not give railway opportunity to make submissions beyond those in application) [163]

and must:

- consider **government payments** to railway for eastern grain and flour **movement**
- use **costs specific** to line's operation identifiable in railway records
- include costs **reasonably incurred in efficient movement of traffic** on line
- **exclude overhead** costs including general administrative and supervisory costs [157(3)]
- **give public notice**, as appropriate, of actual loss and principal factors **used** to determine it [163]

Ⓔ Public Interest Determination

AGENCY
(in **determining** if line is required **in public interest**)
must:

- consider all **relevant** matters including:
  - actual **losses, if any**, of line
  - transport **alternatives**, existing or potential, (including those **proposed** by applicant) to meet shippers' needs
  - willingness **of applicant** to **provide/support** alternatives
  - whether **alternatives** would be more **economic**
  - time **period reasonably** required **to adjust** any facilities wholly/**partly** dependent on line with **least disruption** to **local economy**
  - probable **effect** of abandonment **on other lines, carriers and transport system**
  - economic **effect on communities** and area served
  - **feasibility of keeping line** by: changes in operating methods; **interconnection** with other lines of the railway; **selling/leasing** it to another company; or exchanging **operating**/running rights between railways with, if **necessary**, construction of connections
  - existing/**potential resources of area**
  - **seasonal** restrictions on other forms of **transport**
  - area's probable **future transport needs** [167]

26. BRANCH LINE ABANDONMENT (continued) AND LINE ACQUISITION

Ⓕ Cabinet Postponement

CABINET
may :

- **postpone the Agency-fixed abandonment** date by up to **5 years** after Agency order-date if it considers abandonment would:
  - be contrary to **public interest and**
  - have a significant **impact on a large region** of Canada **and**
  - have a **major impact on shippers and**
  - there is a **lack of adequate alternative** transport facilities in the area
- **further postpone** abandonment date by subsequent orders, each for up to 5 years [165(2)]

AGENCY
(If Cabinet varies Agency order, not later than 90 days before Cabinet-changed abandonment date)
must:

- **review** actual/potential traffic on line and subsidies
- **submit a report** to Cabinet and publish it [165(3)]

CABINET
may:

- **remit application to Agency** which **must then**
- **reconsider** it immediately if, on reviewing report, it determines that line is economic or has reasonable probability of becoming economic in foreseeable future [165(4),171(1)]

Ⓖ Reconsideration

AGENCY
must:

- **reconsider** applications for abandonment at least once every 3 years in same manner as for opposed applications[1] (unless branch line has already been abandoned or application has been dismissed)
- **give notice** that it proposes to reconsider application
- **determine** amount of **actual loss** and principal factors used to determine it

ⒽⒾ Ministerial Agreements

MINISTER
may:

make agreements with a province, municipality or shipper/association/representative body (on line) to pay contribution up to actual loss incurred by railway had line been operated for next 5 years (except for designated grain dependent lines) [175(1,3)]

- **to improve alternative transport facilities** if he considers it **more cost effective** to do so than to continue to pay branch line subsidies and Agency has determined **line is required in public interest**, or cannot be abandoned because of Cabinet order[2] (notice of agreement **must immediately be given to Agency** which must immediately **order line abandoned)** [175(1-5)]

- **and/or** if Agency has ordered line abandoned (where abandonment was opposed) **to assist in transition to improved facilities if he considers** one or more **shippers would suffer significant economic harm** from the abandonment [175(6,7)]

A railway could acquire the line of another railway when abandonment process is not underway.[3]

To acquire any line of railway without abandonment application...

RAILWAY A
may:

- **agree**, subject to Agency approval, with Railway B (federally regulated or not) to sell/lease/transfer any line/segment (which Railway A is then deemed not to have abandoned) [158(1)]

and must:

- give **written notice** to Agency and **public notice** as Agency directs [158(2)]

AGENCY
must:

- **approve**, within 6 months of receipt of notice, conveyance agreement (after public hearings if considered necessary) **unless** it determines that:
  - **agreement not in public interest** or
  - Railway B is **not authorized to operate** line [158(3)]

RAILWAY B
must:

- **assume all legal obligations** for the line if line is conveyed [158(4)]

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[1] Agency must reconsider applications previously made under RA under rules of this Act (and if it has been more than 3 years since application or the last reconsideration, must do so immediately). [171]

[2] Agreement cannot take effect until such order is revoked or amended. [175(2)]

[3] Line must also not be under Cabinet abandonment prohibition.

Further Agency powers for line abandonment are specified.

AGENCY may:
(with Cabinet approval)

make general regulations...

prescribing:

- **general form and manner** for making and procedure for dealing with abandonment[1] applications (for particular applications, may change form and manner of applying and persons to receive information) [160(6),171(3),181]
- manner in which **payments** shall be made
- information railways must provide to receive **subsidy payments** [181]

and respecting:

- **applications** for abandoning lines other than branch lines
- **determination of a price** for acquiring lines when railways do not agree
- **generally** for carrying out the purposes and line abandonment provisions [181]

and make recommendations[2]...

to railways to:

(regardless of whether they are party to abandonment application)

- **transfer/exchange** lines between railways by lease/purchase or otherwise
- **grant/exchange** operating/running rights between railways
- **connect** branch lines with other lines (of the same or another railway)[3]
- **abandon** lines for which **no application** has been made [173(1)]

to appropriate authorities/persons for:

- **orderly handling of traffic remaining** on line for which abandonment date fixed
- **other** abandonment-related **actions** including any causing/likely to cause:
  - increased provincial/municipal expenditures
  - increased production costs or
  - sudden losses to holders of railway-related investment [173(2)]

to Minister that:

- he enter into an agreement to **improve alternative facilities** in area served by line (other than a designated grain dependent branch line) **rather than to continue subsidy**, if Agency considers this more **cost-effective** [173(3)]

and use miscellaneous powers to...

- **consider** applications for **several lines** situated in an area **as a group** (timing and area prescribed) [170]
- **require** any railway to provide **traffic data** for specified lines in an area where there is an abandonment application (must treat data as confidential) [173(4)]
- **require** railway to **priorize multiple applications** (Agency may change) [170]
- **rescind abandonment** order only:
  - **before** date fixed for **abandonment** with concurrence of **railway** and with concurrence of Cabinet if Minister has undertaken to contribute to improving alternative transport facilities [172(1),175]
- **postpone** the date of **abandonment** only up to:
  - **either 2 years** from date of abandonment order, or
  - **end of period** for which a province/municipality/other interested person has undertaken to **pay actual loss** attributable to line (if Agency satisfied payment will actually take place)[172]

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1. Agency has no powers/duties regarding protected lines designated in Cabinet orders not to be abandoned for a prescribed period; these remain protected until period expires or Cabinet decides otherwise. [177]

2. To support these recommendations, Agency may publish traffic figures obtained from any railway for determining abandonment for one railway but must, as far as practicable, protect confidential information. [173(4)]

3. Minister may order railways to implement Agency recommendations to transfer/connect lines or grant/exchange running rights and may pay for non-subsidized costs/losses incurred in implementing, if claimed by Railway B. [173(5,6),178(3)]

Since the publication of the proposed branch line abandonment process by WESTAC, amendments proposed by the House of Commons Standing Committee on Transport would limit the total route mileage that may be abandoned by a railway in any of the first five years after the coming into force of the new legislation to not more than 4%. While the full impact of this proposed amendment on the railways' plans respecting abandonments in the Maritime Provinces is not known, it is not expected to change the lines identified as potential candidates for abandonments although it could result in a delay in the process.

The streamlining of the process for dealing with railway abandonment applications should facilitate the railway's ability to abandon uneconomic lines. In addition, the determination of whether or not a line is economic or has a reasonable prospect of becoming economic in the foreseeable future will reflect a different cost basis. Under the proposed legislation, the determination of the financial state of a line (i.e., a comparison of revenues and costs) will be measured in relation to the costs ". . . reasonably incurred in the efficient movement of traffic originating or terminating on the branch line" and ". . . shall exclude overhead costs including general administrative and supervisory costs . . ." (Section 157(3) of Bill C-18). This contrasts with present legislation where the measurement of costs of operating branch lines includes the general, administrative, supervisory and support facility costs and there is no opportunity to examine the costs to determine whether they would have been reasonably incurred in the most efficient movement of the traffic. In future then, fewer costs will be included in the determination of the financial state of a branch line; the result will be that a line which might be considered uneconomic today could be considered economic following passage of Bill C-18. It is the understanding of the APTC that the elements being removed from the cost criteria represent an average reduction in allowable costs of about 15%.

POTENTIAL ABANDONMENTS

Based on input from senior officials of both CN Rail and CP Rail approximately one-half of existing rail lines in the Maritime Provinces are likely to be abandoned or at least be subject to an abandonment application during the next five years. A breakdown by province follows:

Table 1

Status Of CN Rail And CP Rail Miles In The Maritime Provinces

Province	Total CN & CP Rail Lines (miles)	Potential Rail Abandonments (Miles)	Potential Rail Abandonments (Percent of Total)
Nova Scotia	739	290	39%
New Brunswick	1,448	653	45%
Prince Edward Island	235	235	100%
Totals:	2,422	1,178	49%

The charts at the conclusion of the report provide a graphic portrayal of the affected lines. The charts are identified as follows:

Chart A - Potential Abandonments by CN Rail and CP Rail in Nova Scotia

Chart B - Potential Abandonments by CN Rail and CP Rail in New Brunswick

Chart C - Potential Abandonments by CN Rail in Prince Edward Island

Chart D - Potential Abandonments by CN Rail and CP Rail in the Maritime Provinces

A more detailed listing of railway lines for each province, broken down by type (i.e., main lines, branch lines and spur lines), along with a comparison of miles of existing track with miles of track that is being maintained under subsidy or lines identified as potential candidates for abandonment in both the short and long term is contained in the following:

Appendix A - CN Rail and CP Rail Miles of Railway Lines in the Maritime Provinces and the Status in Relation to Potential Abandonments

Appendix B - CN Rail and CP Rail Branch Lines and Spur Lines in the Maritime Provinces Being Maintained Under Subsidy

Appendix C - CN Rail and CP Rail Lines in the Maritime Provinces Considered Potential for Abandonment in Short Term (Three Years)

Appendix D - CN Rail and CP Rail Lines in the Maritime Provinces Considered Potential for Abandonment in Long Term (Five Years)

The potential abandonments have been categorized as "short term" (Appendix C) and "long term" (Appendix D). Initially the APTC had viewed these terms in relation to a longer timeframe, however, for the purposes of this evaluation, both CN Rail and CP Rail define short term as three years and long term as five years. In view of the urgency of major economic trimming by both railways faced with declining traffic volume and increased competition, and in anticipation of relaxed regulatory constraints against abandonment as reflected in Bill C-18, the railways' position appears realistic and has been accepted for this report. As noted earlier, however, the proposed amendment in Bill C-18 to limit the total route mileage that may be abandoned by a railway in any of the first five years after the coming into force of the new legislation to not more than 4% could constrain the railways' ability to achieve their objectives in the timeframes identified.

NOVA SCOTIA

The following table highlights the potential loss of rail lines in Nova Scotia:

Table 2

Status Of CN Rail And CP Rail Miles In Nova Scotia

	Miles		
	CN Rail	CP Rail	Total
Existing Trackage	531	208	739
Potential Abandonments	82	208	290
Remaining Trackage	449	Nil	449
Percentage Loss	15%	100%	39%

Appendix E, showing a listing of abandonments over the past five years (from December 31, 1981), reveals that major sections of rail branch lines in Nova Scotia have already been abandoned. During that period 452 miles of trackage were abandoned. This compares to an estimated 290 miles of additional lines expected to be abandoned during the next three years (all of the abandonments projected for Nova Scotia fall within the short term timeframe).

In Nova Scotia there are no rail lines being maintained under subsidy (lines are granted a subsidy when, in response to an abandonment application by a railway under federal jurisdiction, the Canadian Transport Commission (CTC) determines that the operation of the line is required in the public interest). However, there is one application pending for the abandonment of a small section of trackage in the New Glasgow area, i.e., the Thorburn Spur consisting of 5.8 miles extending from New Glasgow to Thorburn. A decision by the CTC on whether to hold a hearing on this application was pending on the date of this report.

Lines identified as potential candidates for abandonments in Nova Scotia consist of a portion of the Chester Subdivision (SD) on CN Rail between Chester and Liverpool, a distance of 67.1 miles, and all of the trackage operated by the Dominion Atlantic Railway (a wholly owned subsidiary of CP Rail) between Windsor Jct. (near Halifax) and Yarmouth, a distance of 207.9 miles (see Chart A and Appendix C).

As indicated earlier, the determination of rail lines considered to be likely candidates for abandonment was based on input from CN Rail and CP Rail. While not considered to be a candidate for abandonment by CN Rail, the APTC holds out concern for the possible abandonment of the first section of the Chester

SD beyond the reaches of the Lakeside Industrial Park (south of Halifax) down to and including East River and Barry Stillwater, an additional distance of approximately 37 miles, if the section beyond is abandoned as projected. This concern is founded on the grounds that the volume of traffic over the East River section of the line would drop dramatically (by at least 80%) if the trackage beyond is abandoned. The hypothesis of CN Rail that the first section of the branch line is not a candidate for abandonment seems to be based on maintaining a major part of the rail portion of the traffic of the shipper of hardboard from East River for movement via CN Rail (the only major user on that portion of the line), but there is real doubt that this will in fact materialize. However, since the selection of lines for possible abandonment for this report is based on input from the two major railways, the report does not include an impact assessment in relation to either traffic moving or the users' interests for that portion of the Chester SD to and including East River and Barry Stillwater. If that portion of the line should become a candidate for abandonment in the future, the matter could be assessed at that time.

It should also be noted that at the early stages of this evaluation there was concern over the status of the CN line east of New Glasgow, or even east of Truro, to and including Sydney. For the most part this concern arose because of the need to replace a major railway bridge in Cape Breton across the Barra Strait at Grand Narrows involving a capital outlay of many millions of dollars. Assurance has now been received from CN Rail that a commitment to repair or replace the bridge has been made and that the Truro-Sydney line is not a candidate for abandonment.

The potential abandonment of the Dominion Atlantic Railway (DAR) between Windsor Jct. and Yarmouth would remove any rail presence of CP Rail from the Province of Nova Scotia. This line is not directly connected to the balance of the CP Rail system. Traffic is interchanged with CN Rail at Halifax which means that, except for local traffic moving between points on the DAR itself, traffic must move jointly over two or more separate railways. Halifax is reached by the DAR by means of a "running rights" agreement over CN Rail trackage between Windsor Jct. and Halifax. These features have a major negative impact on the net revenue position of the DAR.

Given the abandonment of the south shore line of CN Rail beyond East River, and the line of CP Rail through the Annapolis Valley between Windsor Jct. and Yarmouth, there will be no direct rail service to any part of southern and south-western Nova Scotia. This will mean that the use of rail to serve this area will be limited to intermodal services involving the use of highway vehicles to and from rail gateways of the Halifax area, as well as Saint John, NB. The impact of this on rail users and on the movement of vehicles over public highways will be discussed later in this report.

NEW BRUNSWICK

The following table highlights the potential loss of rail lines in New Brunswick:

Table 3

Status Of CN Rail And CP Rail Miles In New Brunswick

	Miles		
	CN Rail	CP Rail	Total
Existing Trackage	1,012	436	1,448
Potential Abandonments	321	332	653
Remaining Trackage	691	104	795
Percentage Loss	32%	76%	45%

Although to a lesser extent as compared to Nova Scotia, New Brunswick incurred a loss of 285 miles of rail lines through abandonments during the past five years (see Appendix E). This compares to a projected further loss of 653 miles (352 in the short term and 301 in the long term - see Chart B and Appendices A, B, C and D). The projected further abandonment of rail lines in New Brunswick is equal to 45% of the existing total.

Included in the above table are 201 miles of rail lines being maintained under subsidy (see Appendix B). The two major lines falling within this category are the Caraquet SD between East Bathurst and Tracadie, a distance of 67.7 miles, and the St. Quentin SD between Tide Head (near Campbellton) and St. Leonard, a distance of 105.8 miles. Both of these lines are part of CN Rail and are subject to review by the CTC in 1988 (rail lines being maintained in the public interest under subsidy are subject to review at a time set by the CTC subject to a maximum of five years from the date of the decision). Also being maintained under subsidy is a small section of CN Rail trackage between Valley Jct. (a connection between CN Rail and CP Rail) and Woodstock, a distance of 2.6 miles. This is the remaining portion of the Centreville SD with the balance having been abandoned earlier (the only physical track connection between the Centreville SD and the balance of the CN system is by means of "running rights" over CP Rail lines between Valley Jct. and South Devon (a distance of 65 miles). As part of the CTC decision dealing with the Centreville SD, CN is required to negotiate with CP Rail for the latter company to acquire the line. This matter had not been finalized on the date of this report.

Included in the list of potential abandonments by CN Rail in the short term (Appendix C) are the Havelock SD between

Petitcodiac and Havelock, a distance of 12.3 miles; the Tormentine SD between Sackville and Cape Tormentine, a distance of 35.4 miles; the Bartibog SD between Bartibog and Heath Steele, a distance of 23.1 miles; and, the Oromocto SD between South Devon and Camp Gagetown, a distance of 15.1 miles. Abandonments projected by CP Rail in the short term include the Shogomoc SD between McAdam and Newburg, a distance of 55.3 miles; the Houlton SD between Debec Jct., NB, and Houlton, ME, a distance of 5.0 miles (in NB); and, the Aroostook SD between Aroostook, NB, and Washburn, ME, a distance of 4.8 miles (in NB).

Abandonments projected for the long term include the Nashwaak SD of CN Rail between McGivney and South Devon, a distance of 33.8 miles, plus the following CP Rail lines - St. Stephen SD between McAdam and St. Stephen, a distance of 33.9 miles, the Milltown Spur a further 4.6 miles; the St. Andrews SD between Watt and St. Andrews, a distance of 27.5 miles, the Champlain Spur a further 3.6 miles; and, all CP Rail lines extending from Fredericton Jct. through to St. Leonard, including the branches to Nackawic and Plaster Rock, a combined distance of 197.3 miles (the trackage between St. Leonard and Edmundston consists of CN tracks used by CP Rail under a "running rights" agreement and, for this portion of the line, the abandonment would pertain to CP Rail service only and not be for the removal of the trackage which will continue to be operated by CN Rail as part of its main line between Moncton and Edmundston).

The impact of these abandonments is addressed later in this report but it is pertinent to note here that if these abandonments do in fact occur the entire rail line serving Fredericton and the Saint John River valley will disappear. In addition to the capital city of Fredericton, communities such as Nackawic, Hartland and Florenceville, along with St. Stephen and St. Andrews, will be without a direct rail service. In some cases, these communities will then be situated a considerable distance from the nearest railhead.

PRINCE EDWARD ISLAND

The following table highlights the potential loss of rail lines in Prince Edward Island:

Table 4

Status Of CN Rail
Miles In Prince Edward Island

	Miles
Existing Trackage	235
Potential Abandonments	235
Remaining Trackage	Nil
Percentage Loss	100%

As in the case of Nova Scotia and New Brunswick, some rail abandonments have already taken place in Prince Edward Island during the past five years, although proportionately to a lesser extent than Nova Scotia and about the same as New Brunswick. Appendix E reveals that since December 31, 1981, there has been about 45 miles of rail trackage abandoned in Prince Edward Island. However, this information becomes somewhat irrelevant in relation to the potential of losing all remaining trackage during the next three years.

As illustrated in Chart C and Appendices B and C, the two extremities of the Island are being served by trackage being maintained under subsidy in the public interest (i.e., the Kensington SD between Linkletter and Tignish, a distance of 65.2 miles; the Souris SD between Royalty Jct. (near Charlottetown) and Souris, a distance of 55.0 miles, plus the Elmira Spur a further 5.0 miles; the Montague SD between Mount Stewart and Montague, a distance of 25.6 miles; and, the Murray Harbour SD between Maple Hill and Uigg, a distance of 17.8 miles, plus the Mount Herbert Spur a further 4.6 miles. These lines are subject to review by the CTC at varying times in 1988, 1989 and 1990, although the provisions of Bill C-18 would result in the advancement of the 1989 and 1990 review dates to 1988 (assuming the new legislation to be in force by then).

As indicated above, all remaining CN Rail lines in Prince Edward Island are projected for abandonment in the short term. These include the Borden SD between Borden and Charlottetown, a distance of 42.4 miles, and the Kensington SD between Emerald Jct. and Linkletter, a distance of 19.4 miles.

"SHORT LINE" RAILWAY POTENTIAL

There is provision in the proposed "National Transportation Act, 1986" (Bill C-18) for the "Conveyance of Railway Lines Without Abandonment" (i.e., short line railways) as follows:

> "158.(1) Subject to the approval of the Agency, a railway company may enter into an agreement with any other company whether within the legislative authority of the Parliament of Canada or not, to sell, lease or otherwise transfer to the other company a line of railway or a segment thereof and in such cases, the railway company shall be deemed not to have abandoned the line or segment for the purposes of this or any other Act."

Unless it is determined by the Agency that the conveyance of the line would not be in the public interest, in relation to which there may or may not be hearings, the company taking over the line assumes all the statutory obligations for the continued operation of the line.

Under the proposed legislation governing rail line abandonments there is provision for ". . . the payment of contributions (by the federal government) to improve alternative transportation facilities in the area served by the line . . .".

Since this wording leaves some doubt as to the availability of financial assistance to short line railways, and in recognition of the need for assistance to at least help in the establishment of short line railways, the APTC in its brief to the House of Commons Standing Committee on Transport on April 1, 1987, urged the Committee to recommend the provision for such assistance.

There is little or no experience in Canada from which to draw upon for information on the potential for "short line" railway operations (although there is an experimental short line operation being tested in Western Canada). However, in the United States there have been more than a hundred new railroad companies formed to take over lines abandoned, about to be abandoned, or spun off by major systems. A study done by John F. Due, Professor of Economics, College of Commerce, University of Illinois, as outlined in the "Transportation Journal"(1) in the fall issue of 1984, provides considerable enlightenment. The lines analyzed by Prof. Due consisted of 122 new railroad companies formed during the period 1971 to 1984.

Some of the more salient features identified by Prof. Due are:

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(1) Transportation Journal, Fall, 1984, Vol. 24, No. 1, American Society of Transportation and Logistics, Louisville, KY.

- large variation in the length of lines - from 1.5 to 505 miles, with an overall median of 35;

- in nearly half the cases the shippers played a dominant role in initiating the new lines (in many of these cases the shippers established and operated the lines themselves);

- for most remaining lines the initiative came from people who saw the opportunity to operate a line profitably, although few expected to make large profits;

- ownership of the lines consists of government authorities of one form or another for slightly more than half the total mileage, with the remainder owned largely by new companies, Class 1 railroads and, to a relatively small extent, by shippers;

- substantial mileage is owned on an easement basis, with possession valid only for rail use;

- traffic volumes vary considerably as the following figures demonstrate:

No. of Lines	CL Per Mile Per Year
15	60 or more
24	38 to 50
9	27 to 37
15	10 to 17
10*	9 or less

Overall median
28 cars

*Most are receiving
an operating subsidy

- as a measure of productivity carloads handled per employee range from over 200 for eleven lines, 100 to 200 for eight lines, and under 100 for eight lines;

- causes of failure (twenty-two lines were abandoned after initial start-up [some in the early stages], although a number of these were transferred to or taken over by other operators):

Inadequate traffic	15
Physical problems (poor bridges, bad track, etc.)	7
Management problems	6
Lack of shipper support	5
Lack of capital	2
Lack of rate division	1

- very few of the companies are unionized (of those that were several failed and were abandoned);

- many short lines received subsidies (at least initially) under various U.S. rail service assistance and rehabilitation acts which terminated in 1981 (as of early 1984 only eight lines were receiving operating subsidies); and,

- while relatively little time has elapsed since the lines began operating, the following requirements for success were identified:

  1) Competent, experienced management;
  2) Shipper support;
  3) Adequate quality of track;
  4) Adequate traffic (". . . very doubtful if any road can subsist with fewer than twenty cars originating/terminating per mile . . .")
  5) Access to more than one connecting carrier;
  6) Adequate capital; and,
  7) State or local government assistance.

The following is a direct quote of the conclusions in Prof. Due's study:

> "The development of new companies to take over abandoned or about-to-be abandoned rail lines has preserved for the economy and the communities served a substantial mileage that is economically viable and can be operated, at least marginally, without continuing subsidy. Some of the lines are clearly profitable. Others survive because the owners are willing to work very hard for relatively low earnings, because of their interest in operating a railroad. Profit is not the only motivating factor for business activity. But zeal for operating a railroad does not guarantee its success. Some knowledge of rail management is imperative.
>
> Many states and local governments have played an unusually active role in aiding the formation of the new lines, particularly by the purchase of track - despite the pressures on state budgets. A few of the ventures were hopeless, and a few have been preserved by state aid when there is little economic justification. But these are the rare exceptions. Of the present lines and others that are on the verge of beginning operations, some clearly will fail; some obviously will be profitable. The majority have a good chance of succeeding.
>
> Transfer of these lines - and others to come - from major railroads to local ventures that can operate them more cheaply and bring the service more in line with shipper preferences provides a net gain both to the major systems and to the shippers and communities served. The general experience has been that

> "small railroads provide far more satisfactory service to their shippers than can the major railroads on branch lines, and thus the shippers have benefitted by the transfer of lines to the new companies. The only economic danger is the preservation of a line whose traffic could more efficiently be handled by a different route."

The subject of short line railways is relevant to this report as the study reveals that some of the potential abandonments will have serious economic consequences for some major shippers. Several of these may have potential for resolution through a short line railway. This feature will be examined in more detail under the section of the report dealing with the impact of abandonments on rail users.

IMPACT ON RAIL USERS

Roughly 150 potential or existing rail users were contacted to develop the information necessary to determine the impact of the potential loss of direct rail service. Appendix G contains a list of companies and organizations contacted during the course of the study. Detailed questionnaire forms (see Appendix F) were completed and returned by rail users and 134 separate interviews were undertaken.

Through the questionnaires and interviews the following information was developed:

(1) present utilization of rail carload services for both inbound and outbound movements (where significant changes are taking place, such as the use of water transportation to move feed grains into the region in lieu of rail service, forecasted figures were used instead of recent actual figures);

(2) ability to shift to alternative transportation modes and the cost related thereto (capital costs as well as increased freight costs, if any);

(3) ability to retain markets and impact on employment;

(4) estimate of additional tonnage and freight vehicles expected to move over public highways segregated by dangerous and non-dangerous commodities, as well as by highway route; and,

(5) impact of the loss of direct rail service on the level or rates of other modes.

As a condition to completing the questionnaires and providing the information requested, each rail user was assured of complete confidentiality of the individual figures and any distribution of the information would be limited to broad aggregations. While this obligation makes it difficult to discuss our findings on the basis of individual rail lines, the information is in most cases very sensitive from a commercial point of view and would not have been provided for the purposes of this study were it not for the guarantee of confidentiality. As a consequence, except where permission has been granted to reveal what might be considered to be confidential information about specific commodity movements that can be traced to particular rail users, every necessary precaution will be observed.

Seventy-six respondents expressed concern over the prospect of rail line abandonments. Out of this total sixty-five, or 90%, of the users are directly served by a private rail siding and, for the most part, their suppliers (inbound traffic) or customers (outbound traffic) are likewise served by a private siding. In terms of their ability to shift to alternative transportation modes and the impact of increased transportation costs and capital costs, the following information was provided:

Table 5

Information Provided By Surveyed Rail Users By Province

	NS	NB	PEI	Total
1. Total Concerned Users	31	26	19	76
2. Ability to Shift to Other Modes	30	23	19	72
3. Increased Freight Cost:				
No. of Users	14	21	17	52
Additional Freight Cost ('000)	$ 985(1)	$ 2,512	$ 721	$ 4,218
Percentage Increase	6%(1)	15%	15%	11%
4. Capital Cost for Facilities:				
No. of Users	9	18	14	41
Capital Costs ('000)	$ 2,397(2)	$ 3,985(2)	$ 720(2)	$ 7,102(2)
5. Total No. of Carloads:				
(a) For All Users	3,941(1)	17,972	2,300	24,213
(b) Concerned Users	3,354(1)(3)	11,204(4)	2,180	16,738
6. No. of Truckloads Required to Transport Rail Traffic for All or a Portion of the Distance:				
(a) Dangerous Goods	1,660	2,251	786	4,697
(b) All Goods	6,818(3)	19,306	4,523	30,647(5)

(1) Excluding gypsum.
(2) Capital costs are shown only where identified by respondents. Figures relate to the following number of replies: NS - 8; NB - 6; PEI - 12; Total - 26.
(3) Excludes aviation fuel.
(4) Excludes traffic to and from State of Maine which neither originates or terminates in New Brunswick.
(5) Excludes local traffic within a municipal area and rail traffic expected to disappear or shift to a mode which would not involve highway use.

It is important to note the impact of the potential loss of rail service is based on least cost transportation alternatives for the movement of the same commodity from the same source options. Except in one or two cases that have been specifically identified, the assessment does not reflect alternative sources or substitute commodities.

Key areas of concern identified by rail users are as follows:

(a) Increased freight costs;

(b) Capital costs (for changes in shipping or receiving facilities, additional storage and specialized trucking equipment);

(c) Loss of competition and ultimately increases in truck rates;

(d) Availability of adequate trucks (particularly during peak shipping periods);

(e) Congestion and delays on ferry services (PEI companies);

(f) Condition of highways and spring weight restrictions;

(g) Difficulty of product transfer between rail and truck (availability and adequacy of transfer facilities, loss of and damage to product and safety); and,

(h) Loss of markets.

These are not necessarily listed in order of importance but for most rail users the prospect of increased freight costs is of paramount concern. Each of these areas of concern will be discussed in relation to each province to the extent that confidentiality limitations will allow.

Concern has also been expressed that the loss of rail may hinder the opportunity for future industrial development for those industries where rail service is necessary.

NOVA SCOTIA

As identified previously, there are two rail lines in Nova Scotia considered to be candidates for abandonment (both in the short term timeframe), namely that portion of the CN line on the south shore beyond East River (hereinafter referred to as the south shore line) and the entire DAR line. In the case of the south shore line there has been a concerted effort by a dedicated group of rail users served by the line to discourage CN Rail from making an application to abandon the line. Since the fall of 1985 numerous meetings of the Chester Sub-Division Users group have been held and, while these meetings have been constructive and traffic has shown a slight increase, the existing and prospective volume of traffic is short by roughly 900 carloads, or 36%, of the annual total required to create an economic operation for CN Rail (based on information supplied by CN Rail). As a result, most of the rail users served by the line are apprehensive over the future outlook for the continued operation of the south shore line.

Areas of concern to Nova Scotia rail users relate, for the most part, to particular commodity movements that generally involve significant tonnages. In other words, the utilization of the affected rail lines is by relatively few shippers and receivers. The commodities in most cases are in-coming materials moving in bulk in tank cars or in covered hopper cars, although there are some outbound commodities moving in box cars. One major exception to this is a large movement of gypsum moving in open hopper cars over a relatively short distance on the DAR.

There are 14 rail users that will likely incur a combined total annual increase in transportation costs of $985,000, equalling 6% of their total rail freight charges. The rail movement of gypsum is not included as there exists considerable doubt that the traffic can be shifted to other modes. Within the group of 14 rail users there is considerable variation in the proportion of the increase (ranging from 3% to 152%). These increases will be discussed more fully under the commodity headings that follow shortly. Eight rail users anticipate a combined outlay of $2.4 million in capital costs for facilities to enable them to shift to alternative modes. Five of the latter also anticipate an increase in annual freight costs, while the other three expect a one-time capital cost alone. In addition, four rail users anticipate some off-setting savings resulting from the use of truck or intermodal and where these are significant they have been deducted from the projected increase in freight cost. In three out of four cases, the savings relate to delivery cost from rail sidings, while the remaining case involves a small reduction in inventory.

Commodities of most concern to rail users served by the lines involved are as follows:

In-Coming	Out-Going
Feed Grains	Newsprint
Fertilizer Ingredients	Foodstuffs
Propane	Fish Meal
Cooking Oil	Gypsum
Sulphur	
Flour	
Explosives	

The concerns identified in relation to these commodity movements are discussed below.

Gypsum

The largest volume of any of the potentially affected rail movements consists of gypsum moving from the Windsor area to Hantsport for furtherance by water to markets principally in the United States. While the distance of the rail portion of the movement to tidewater is relatively short (about 11 miles), the volume is well in excess of a million tonnes per year and it would not be practical to move this traffic by public highway. Evidence of this becomes clear when related to the number of trucks and frequency of movement. Close to 50,000 truckloads per year would be required to move the present level of traffic, i.e., 20 truckloads - per hour for 10 hours per day for 5 days per week or one every minute and one-half, including the returning empties. Since the highways involved serve the Windsor-Hantsport area, with significant population and commercial activity, as well as serving as a gateway to the Annapolis Valley, there is already a great deal of highway traffic in the area involved.

In response to the study questionnaire, the gypsum producer indicated an inability to shift to other transportation modes. Even if acceptable to the gypsum company, and there is no indication that this would be the case, it is extremely doubtful that the use of trucks over public highways would be a practical alternative to rail transportation for this movement. Therefore, given the loss of the DAR rail service, some economic alternative to trucking must be found, otherwise the gypsum operation with over 200 employees will likely close down.

The cost of transportation is extremely important, not only because the gypsum is low in value and sensitive to transportation costs, but because it must compete with other Canadian suppliers as well as foreign competition from Spain. Some of the competing companies have the advantage of having their quarries sufficiently close to tidewater so that the product can be loaded directly to ships without an overland haul by either rail or truck. Therefore, any substitution for the present rail service for the Windsor area gypsum producer must provide comparable rates/costs to enable the company to maintain a competitive position in the marketplace.

There are two possible options that should be explored in relation to the movement of gypsum from Windsor to Hantsport. From the earlier section dealing with short line railways that option is the most obvious. Another option may be an overland conveyor system. In either case, it is not within the terms of reference of this study, nor does the APTC offer the necessary expertise, to undertake an evaluation of these options. It is therefore a recommendation of this report that the Government of Nova Scotia request a federally funded study be undertaken to examine the merits of these options. Such a study should obviously be undertaken in close cooperation with the gypsum company. The parameters of the study should include not only a determination of the economic viability of these alternatives but also the most effective way to ensure implementation of the system offering the best alternative. In addition, and particularly in relation to a short line railway, the study should determine the most effective method of operation and management of the system to ensure future viability.

Fertilizer Ingredients

There are three fertilizer blending plants located in the Annapolis Valley of Nova Scotia and relying on the DAR rail line for inbound ingredients. Key ingredients are ammonium nitrate from Ontario, potash from New Brunswick or Western Canada and diammonium phosphate from New Brunswick. For the most part, these materials have been moving to the three plants by rail although there has been some traffic moving by truck. In addition, there is a potential for some import substitution in the form of urea moving via the Port of Halifax and rail or truck beyond. Another option to direct rail deliveries that has been used to a limited extent is an intermodal service involving CP Rail service to Saint John and truck beyond.

A comparison of the cost of direct rail service with what appears to be the least cost option under present circumstances indicates increases ranging from 5 to 8% for the three plant locations. While this increase does not appear excessive per se, the loss of direct rail would place these three Valley plants in less competitive positions as compared to blending plants which would continue to be directly served by rail (i.e., Truro, NS). It would also have the effect of narrowing source options and lessening competition among ingredient suppliers. Another problem associated with total dependency on trucks, even for a portion of the haul, is the availability of sufficient trucks during the peak shipping seasons.

Cooking Oil

There are three users of cooking oil served by the lines identified. The cooking oil consists largely of canola oil from Saskatchewan which is moved under a special rail rate structure. The rates are set at a minimum compensatory level on a periodic basis by the Canadian Transport Commission for the portion of the haul from Thunder Bay, ON. From shipping point to Thunder Bay the Western Grain Transportation Act rate structure (former "Crow" rate) applies. This results in a very favourable transportation rate to users and tends to place alternative sources for cooking oil and alternative transportation modes in a non-competitive situation.

The least cost option to direct rail deliveries would be the use of rail to Halifax and trucking beyond. A transfer facility at Halifax equipped with steam heat and suitable pumping equipment would be required. Based on a similar facility in existence at Moncton used to transfer liquid sweetener, a product with similar transportation characteristics, combined with the cost of trucking to the users, indicates an increase for two users of 5% and 8%, while the remaining user could save up to 12% as compared to the direct rail rate. Of the three users, the one with a potential reduction in freight cost would require a storage tank to receive and hold cooking oil delivered by truck. The potential saving in freight would about equal the cost of amortizing the new facility.

Feed Grains

The area served by the potentially affected rail lines has a large livestock base and heavy utilization of feed grains. In fact, based on statistics of feed grains brought into Nova Scotia under feed freight assistance, the area served by the two rail lines consumes approximately two-thirds of the "imported" feed grains. This amounts to approximately 120,000 tonnes per year and, until recently, practically all of this traffic moved by rail. However, water transportation to Halifax and truck beyond has become a lower cost option. During 1986 close to 100,000 tonnes was brought into Halifax by water. Since the savings of using the water-truck route are greatest to the areas served by the rail lines involved, the water-truck route is now being used for a large proportion of the traffic. Water transportation is also being used for the movement of soya meal from the United States for discharge at Hantsport (an Annapolis Valley port) thereby displacing what would otherwise be a rail movement.

Apart from the use of the water-truck modes, CN Rail is actively pursuing the objective of regaining some of this traffic by offering a combination of rail to Halifax and truck beyond as part of a "package" of lower rates to a number of key consumption areas in the Maritimes. Up to the date of this report the proposals of CN Rail had not met with acceptance by the feed trade.

Despite the shift to water-truck transportation for a large part of the total feed grain requirements the loss of the two rail lines will have some negative impact on the feed industry. For example, not all feed ingredients lend themselves to water transportation and the loss of direct rail service will result in increases in freight costs and a loss of competitive alternatives (both in terms of transportation and sources of supply). Concern has also been expressed in relation to the on-going reliability of the water route in relation to strikes or seaway stoppages without the option of using rail. The use of water transportation necessitates large commitments for buyers and some costs associated with price fluctuations as well as inventory and storage costs. Based on the present level of water rates to move grains from the Great Lakes and Seaway ports to Halifax these costs are more than offset but there is no assurance that this will continue to be the case over the long term. The alternative of rail to Halifax and truck beyond may well be established. However, the level of rates will be directly influenced by the water-truck competition. This has also been true in the case of the direct rail rates to the areas served by the two rail lines, however, the loss of direct rail will narrow the scope of competitive alternatives and thereby place some upward pressure on rates.

In addition to the above concerns, the Provincial Grain Commission served by the DAR line faces the prospect of losing significant business. The grain centre in the Kentville area has developed a sizable market for the receiving and storing of feed grains for a number of smaller feed users without rail sidings or adequate storage of their own. With the shift from rail to water-truck via Halifax this service will no longer be required. This will have the effect of reducing revenue and employment at the provincial grain centre which helps to maintain a high level of service at the lowest possible cost for handling and storing locally grown grain. With the current level of water-truck rates via Halifax, it appears that this development would have occurred in any case.

Some of the agricultural interests in the Western Shore area of Nova Scotia are strongly opposed to the abandonment of the DAR unless they are assured of the completion of Highway 101 to facilitate economical truck transportation. The same group supports the need to upgrade the wharf at Port Williams to enable the use of water transportation directly to that port which is in close proximity to several feed mills and in the heart of the consuming area.

Propane

There is a significant rail movement of propane to a number of depots served by the lines involved. This movement originates from sources in Nova Scotia and, to a limited extent, from Ontario and Alberta.

The abandonment of the two rail lines in Nova Scotia will mean major capital costs for equipment and terminal facilities, as well as potential increases in transportation costs which are expected to be reflected in higher propane prices. This may have the effect of weakening the competitive position of propane in relation to alternative fuels used in the affected areas.

Other Commodities

Remaining commodity movements of concern to rail users in relation to the potential Nova Scotia abandonments consist of newsprint, fish meal and foodstuffs moving outbound and sulphur, flour and explosives moving inbound.

Fish meal and foodstuffs are being shipped to Western Canada and the rail mode is important because it provides a lower rate structure and, to some extent, rail is the preferred/required mode of the buyers. The loss of rail will mean higher rates of about 20% and will weaken the producers' competitive position. The fish meal producer faces the prospect of either absorbing the higher cost or foregoing the market to other producers who are directly served by rail or to substitute products (i.e., soya meal).

The present use of rail for newsprint paper consists largely of shipments moving to the Eastern United States. The loss of rail will mean an increase of approximately 13% for those shipments. A large capital expenditure would be required for additional storage and loading facilities to accommodate shipments by truck and marine transportation. Almost 90% of the current rail traffic could be expected to shift to marine transport with the balance going to truck. At present, production can be loaded directly into rail cars. Without rail newsprint will have to be warehoused before loading thus incurring the extra handling costs associated with the warehousing operation.

Inbound flour moves in bulk in covered hopper cars from Ontario to a bakery served by one of the rail lines involved. The least cost option to direct rail service appears to be rail service to Halifax and truck beyond. However, there is some doubt whether the volume would support the provision of specialized transfer facilities and trucking equipment. This is an area that would require further study. Bakeries are already facing a declining market because of "in-store bakeries" and, if Ontario must remain the sole source for the flour, the loss of rail service could place the bakery in further jeopardy.

Another rail movement of concern is molten sulphur in tank cars from Alberta. The least cost alternative to direct rail service is rail to an intermodal transfer point and truck beyond. Taking into account the cost of steam heating at the transfer point and the cost of transfer and trucking to the destination, this would result in an increase in transportation costs to the Nova Scotia buyer of 14%.

The final movement representing a concern in relation to the potential loss of rail service consists of explosives from Quebec by rail to a port served by one of the lines involved for furtherance by vessel to world markets. Because of regulatory requirements limiting the weight that can be moved by truck over public highways, the use of truck transportation for even a portion of the movement means major increases in transportation costs (four truck movements are required to move one carload). A number of alternatives are being evaluated but even the least cost alternative will mean substantially higher freight costs, increased handling and capital investment. The current economic recession in the mining industry and other factors are reducing markets and eroding margins and any abnormal increases in transportation costs will compound these problems.

There are a few other commodities originating or terminating on the affected lines where rail is being used at present and, while there will be some increase in transportation costs, the loss of rail is not expected to cause major dislocation. In some of these cases, the rail users are already in the process of shifting to other transportation modes.

Short Line Potential - Nova Scotia

Earlier in the Nova Scotia Section of this report under the heading of gypsum, the need for a detailed assessment of the merits of a short line railway from the gypsum quarries near Windsor to Hantsport was identified. The case pertaining to gypsum is obviously very strong because of the short distance and the large volume of traffic. While not quite so obvious, there may be some potential for additional short line railways in Nova Scotia as an alternative to the abandonment of services by CN Rail and CP Rail.

Table 6

Potential Short Line Railways In Nova Scotia

Present Ownership	Between	And	Miles	Connecting Railway	Potential Volume*
CN Rail	Liverpool	Halifax	109	CN	18
CP Rail	Kingston	Windsor Jct.	80	CN	25#
CP Rail	Hantsport	Fundy Gypsum Spur	12	-	1,767

* Loaded cars per mile per year.
# Excluding gypsum.

The earlier section dealing with short line railways identified that it is very doubtful if any railway can subsist with fewer than 20 cars originating/terminating per mile per year. This is based on the U.S. experience. With the exception of the movement of gypsum, this casts real doubt regarding the potential for short line operations over the above lines. The alternative, however, is the complete loss of rail service with severe increases in transportation and related costs to users, combined with the impact associated with additional trucks using public highways (dealt with later in this report). The matter therefore deserves a careful and thorough examination. In the case of the DAR line to and including Kingston, part of the line is also used to move gypsum thereby adding to the potential for a viable short line operation.

It is therefore a recommendation of this report that, in addition to the examination of a short line railway potential for gypsum alone, a study be undertaken to examine the economic merits of the above noted short line railways. Such a study should include a determination of the most effective way of implementation and management of short line railways found to offer a reasonable and practical alternative to outright rail line abandonment.

Apart from an examination of the potential for short line rail operations to replace certain segments of existing lines of CN Rail and CP Rail, there is provision in the proposed legislation to examine the feasibility of keeping a line by changes in operating methods; interconnection with other lines of the railway; selling/leasing it to another company; or, exchanging operating/running rights between railways (Section 167(i), Bill C-18). Although CN Rail has not exhibited a desire to take over the operation of the DAR line in Nova Scotia, or any part thereof, given the opportunity/requirement for CN Rail to operate the line down to say Kingston, there may be a good potential for them to do it as an extension of their own system on an economic basis. At the present time the DAR has the disadvantage of being operated in isolation as a separate railway totally removed from the balance of the CP Rail system. As an extension of the CN Rail system, there should be a number of economic advantages as compared to the present operation. Not the least of the cost constraints of the present operation is the need to maintain a supply of locomotives and other equipment for the exclusive use of the DAR resulting in under utilization.

Under the proposed abandonment procedures there will be an opportunity for the regulatory agency to examine the economics of the operation of the DAR line, or segments thereof, as part of the CN Rail system and if economic and if required in the public interest, the agency may make recommendations for the transfer or exchange of branch lines between companies.

NEW BRUNSWICK

Under the section dealing with potential abandonments, approximately 650 miles of branch lines were identified as having potential for abandonment. About half of this is CN Rail trackage and the other half CP Rail trackage. Of the CN portion, there are two lines being retained in the public interest and receiving a subsidy, namely, the Caraquet SD and the St. Quentin SD. There has been no traffic moving over the Caraquet SD and therefore the abandonment will not directly affect existing users. In the case of the St. Quentin SD, there is a substantial movement of woodchips and some lumber moving by rail. The impact of the loss of rail service in relation to these movements is discussed shortly under these commodity headings.

Other CN Rail lines in New Brunswick slated for abandonment in the short term include the Tormentine SD, the Bartibog SD and the Havelock SD. The Tormentine SD generates no local traffic and serves exclusively as the gateway connecting the mainline with the Marine Atlantic ferry service for Prince Edward Island traffic. The Bartibog SD serves a base metals mining and ore concentrator at Heath Steele, NB, which has been closed down during the past few years. Exploration for new mineral deposits is underway in the area but it is not known at this time whether the Bartibog SD will be required in the future. The Havelock SD generates outbound lime, inbound feed ingredients, as well as inbound and outbound lumber and timber. The impact of potential abandonment in relation to these movements will be discussed shortly under these commodity headings.

The balance of the potential abandonments in New Brunswick relate to CN and CP lines in the southwestern and western part of the province stretching from St. Andrews on the Bay of Fundy to the Grand Falls/Edmundston area in Victoria and Madawaska Counties. The impact on rail users served by these lines will be discussed under various commodity headings.

Table 5 (Page 48) reveals that there are 26 rail users in New Brunswick served by the lines involved who are concerned over the potential abandonments. Of these users, 23 have indicated that they have the ability to shift to other modes of transportation but not without some users incurring major increases in freight costs, plus significant expenditures for new facilities. Increases in freight costs for these users have been projected to equal roughly $2.5 million which is equal to overall average of 15%. There are wide variations from user to user with examples of increases in freight costs of up to 100%. These increases will be discussed more fully under the commodity headings below. Six rail users served by the affected lines anticipate incurring capital expenditures for new facilities of about $4 million, with the largest projected individual outlay of $1.75 million. Five of these that will incur capital costs also expect to incur additional freight costs ranging from 8% to 41%. There are six rail users who anticipate some off-setting savings resulting from the use of trucks or intermodal and where these are significant they have been deducted from the projected increase in freight cost. The savings pertain to siding rental and maintenance, inventory and less labour costs associated with unloading trucks.

As in Nova Scotia, areas of concern to rail users in New Brunswick served by lines that are candidates for abandonment relate, for the most part, to particular commodity movements that generally involve significant tonnages. This accounts for the relatively few shippers and receivers who will be directly affected by the abandonments and the large projected increase in transportation charges. The commodities in most cases are in-coming materials moving in bulk in tank cars, gondola cars and covered hopper cars, with some traffic moving in box cars and reefer cars.

There are three rail users served by lines identified as potential candidates for long term abandonment who advise that they do not have the ability to shift to alternative modes of transportation and remain competitive. This implies plant closures if the rail lines are in fact abandoned and could result in the loss of 230 to 350 jobs. This will be discussed more fully under the commodity headings of fertilizer ingredients, scrap steel and structural steel.

Commodities of most concern to rail users served by the lines involved are as follows:

In-Coming

- Chemicals and Resin
- Feed Grains
- Fertilizer Ingredients
- Flour
- Foodstuffs
- Limestone
- Lumber
- Petroleum Products
- Structural Steel
- Vegetable Oil and Glucose

Out-Going

- Agricultural Lime
- Canned Fish
- Fish Meal
- Fish Oil
- Frozen Foods
- Lumber and Particleboard
- Scrap Iron or Steel
- Woodchips
- Woodpulp

In-Coming Commodities

Petroleum Products

There are a number of inbound rail movements of petroleum products to points served by the lines identified involving substantial tonnages. The movements consist of fuel oil, gasoline, bunker "C" and asphalt.

With the exception of asphalt, these movements are expected to incur major increases in freight costs using the least cost transportation alternative from present sources of supply. The projected increases range from 31% to 100%. In some cases, these increases will be absorbed by the producer in order to remain competitive in the marketplace. However, for major users of bunker "C" the loss of rail will increase the costs from more distant sources of supply thereby limiting competition between suppliers. This prospect is of real concern to the users of this commodity who face the likelihood of major increases in costs for heat and power. This will have the effect of increasing the costs of production of the finished products of the companies involved who in turn must continue to compete in both domestic and international markets. While it has not been suggested that these companies will not be able to maintain a competitive position in world markets, the increases resulting from the loss of rail will place these New Brunswick plant locations in a less competitive position compared to competing plants not affected by rail abandonments.

In the case of asphalt, which is used by the N.B. Department of Transportation for chip sealing of provincial roads, the loss of rail is not expected to result in an increase in costs. There will, however, be a loss of convenience as the rail tank cars are used to hold the material at rail delivery points until required for actual road work. The loss of the rail lines involved is expected to require the purchase of additional mobile storage units (these can be repositioned to job site locations over provincial highways when empty). While these units represent a significant capital cost, this is expected to be offset by lower freight costs using truck for delivery to the storage units. In addition, the department will have the option of making greater use of alternative rail delivery points served by rail lines which are not expected to be abandoned.

The loss of rail will result in a large number of highway tank trucks moving additional petroleum products over public highways and this aspect will be dealt with under a separate section of this report.

Chemicals and Resin

Both chemicals and resin are brought in by rail by companies served by the rail lines involved who require these materials in their manufacturing process. For the most part these materials originate in Quebec and Ontario and rail transportation is the least cost method of transportation. The chemicals consist of sulphur dioxide, chlorine, saltcake, ammonia and caustic soda (sulphuric acid is already moving by highway beyond rail intermodal facilities at Saint John).

In the case of the chemical user, with some capital expenditure to increase storage capacity at an adjacent chemical plant, the need to bring in material by rail from alternative sources of supply will be alleviated. However, this will not be without some increase in transportation costs using trucks. Projected increases in the cost of trucking as compared to present rail costs for inbound chemicals is in the area of 10%. With increased local production of chlorine and caustic soda, not all of the rail movement will be displaced by a truck movement. Nonetheless, the abandonment will result in the movement of additional chemicals moving by truck over public highways.

Liquid resin is moving by rail in tank cars from sources in Central Canada and the United States. The loss of rail would mean a major increase in annual freight cost of around 90% for the movement of this commodity by truck. There are no local sources for this material and there appears to be no alternative that will minimize this major added cost burden. These costs would have to be absorbed by the user whose own products are sold in distant markets in direct competition with competing manufacturers located closer to the major markets.

Fertilizer Ingredients

As identified earlier in relation to the impact of the loss of rail service on Nova Scotia fertilizer plants, New Brunswick plants face the prospect of: (1) a narrowing of source options and a lessening of competition among ingredient suppliers; (2) a deterioration in competitive position in relation to plants in the general area that will continue to be served by rail; and, (3) an inadequate supply of trucks during peak markets.

There are several fertilizer blending plants in New Brunswick served directly and by rail lines that have been identified as potential candidates for abandonment. Because of the large movement of heavy bulk ingredients used by the fertilizer plants and the distances involved from the available sources of supply, the potential loss of rail represents a major threat to the future viability of these plants. In fact, as identified earlier, one of the fertilizer plants indicated that they do not have the ability to shift to alternative means of transportation and remain competitive. Based on existing sources of supply it has been estimated that the loss of direct rail service could mean an increase in transportation costs in the neighbourhood of 40%. This loss could result in the closure of this fertilizer blending plant employing from 7 to 28 (employment varies depending on the season of the year). This would also decrease competition of available supply sources for mixed fertilizers for farmers in the area affected. The other plants appear to face increases substantially less than this amount.

Feed Grains

There are a number of feed mills served by the rail lines identified for potential abandonment. New Brunswick is deficient in local feed grain production and these feed mills must rely on outside sources for a major portion of their feed ingredients. Major ingredients consist of feed grains from Western Canada and from Southwestern Ontario. These materials generally move in large capacity covered hopper cars in quantities of up to about 80 tonnes per trip. The rail rates are more than competitive with the least cost alternative which, for the most part, is either water or trainload quantities to elevators in Quebec and truck beyond.

One feed mill is situated sufficiently close to a CN Rail intermodal location to minimize the projected increase in freight costs (expected to be about 3%, including transfer costs and trucking to the mill). To some extent, this particular feed mill also has the alternative of securing ingredients from elevators at Halifax (ex water grain) and receiving by truck from that location at comparable laid down costs. The other mill locations expect to incur increases in the range of 17% to 19% for additional freight costs on major ingredients. One of these mills is located on a highway which is limited to vehicles with a maximum gross mass of 38,500 kg. Unless this were increased to permit the use of tri-axle vehicles with payloads in the vicinity of 30 tonnes, this mill would face additional increases in transportation cost constraints.

Probably the biggest concern faced by the NB feed mills in relation to the potential abandonment of the rail lines involved will be a loss of their ability to compete with feed mills that will continue to have direct rail service. The several feed mills facing the prospect of abandonment of direct rail service compete directly with feed mills that will continue to be served by rail. Transportation costs represent a major proportion of the value of finished feeds (in the range of 20% to 25%) and an uneven impact of increases in freight costs has the potential of eliminating those most directly affected from the marketplace. Under the federal Feed Freight Assistance program there is some provision for equalizing freight costs on feed grains to deficient areas but this program can not address the problem outlined as it is based on the point of final consumption of the finished feeds (i.e., the level of assistance would be the same to a given market for all feed mills regardless whether they are served by rail or otherwise).

Feed mills served by lines expected to be abandoned also face the prospect of not only increased freight costs but also higher ingredient costs by not being able to use least cost (priced) ingredients that are orientated to rail transportation. It's another example of lost flexibility in sources of supply.

The feed mills expecting to lose direct rail service have not indicated that they expect to go out of business as a result of rail abandonments but they are very concerned over their future viability.

Structural Steel

A major steel fabricator located at Fredericton relies on rail service for the movement of inbound structural steel from Ontario steel mills. Because of the extreme dimensions of the inbound steel (60/90 foot lengths), and because of the large tonnages required quickly over a short timeframe to meet project deadlines, the use of truck transportation is not considered to be a feasible alternative. In addition, truck rates would be considerably higher but no effort was made to estimate the cost of trucking for the reason mentioned. Hence, the aggregation of freight rate increases (Table 5) stemming from abandonment does not include this movement of structural steel.

In addition to the problems relating to inbound movements, which would thwart the company's ability to bid competitively on construction projects, the company also anticipates lost markets due to the need for rail transportation to move large fabrications outbound to regional markets.

In the absence of rail service the future viability of the Fredericton steel fabricator is very much in doubt. This company employs from 150 to 250 workers.

Limestone

There are two major suppliers of crushed limestone in New Brunswick. One is located in the Saint John area and is served by a rail line that will not be directly affected by potential abandonments, while the other is served by the Havelock SD which has been identified as a candidate for short term abandonment. However, both suppliers have markets in areas where rail abandonments will detrimentally affect the cost and availability of transportation. This includes Prince Edward Island, served by CN Rail, and the Upper Saint John River Valley served by CP Rail, where large quantities of agricultural limestone are utilized. The Prince Edward Island situation will be dealt with under that section of the report.

The Havelock producer anticipates an overall increase in freight costs for both industrial and agricultural lime of about 15%, although initially, with the loss of rail and an inadequate truck capacity, the increase will likely be greater. Some experimentation of intermodal alternatives is to be undertaken and this could help to minimize the increases. In any case, the loss of rail could mean the loss of certain markets to Quebec suppliers, particularly industrial lime to the New Brunswick north shore because of increased freight costs or customers preference for rail deliveries.

Because of an increase in CP Rail rates from Saint John to points in the Upper Saint John River Valley this past January of from 21% to 23%, much of this market is now being supplied by truck at lower rates. This suggests that the abandonment of CP Rail lines to the area will not have a serious impact in relation to the movement of agricultural lime from Saint John to the Upper Saint John River Valley.

The projected abandonments are not expected to result in a loss of employment by the limestone producers.

Flour

Rail transportation is used by a bakery served by one of the lines identified as a potential candidate for long term abandonment for both bulk flour in covered hopper cars as well as flour in bags in box cars. The flour originates in Central Canada.

The least cost option to direct rail service appears to be trucking from the source involving an overall increase in freight costs of over 30%. Such an increase would place this bakery in a very precarious position in relation to its ability to compete with bakeries served by rail lines that will be maintained. This is particularly so in light of the prospect of a declining market brought about by "in-store bakeries" as mentioned in the Nova Scotia section.

Vegetable Oil and Glucose

These commodities are being brought in from sources in Central and Western Canada and the United States in rail tank cars by a number of users located on rail lines that have been identified as potential candidates for abandonment in the long term.

Some of this traffic consists of canola oil from Western Canada moving under prescribed minimum compensatory rates as described in the Nova Scotia section. The option to direct rail service is also similar to that described in relation to the Nova Scotia users except that a suitable intermodal transfer facility would be required at a strategic location to serve the New Brunswick users. Given that such a facility could be supported by the volume involved, the combined cost of rail, transfer to trucks and trucking is estimated to represent an increase of about 6% as compared to present direct rail rates.

The remaining vegetable oil consists of soya oil from Central Canada and the United States and the loss of direct rail service is expected to result in an increase of about 90% for one user and only a nominal increase for another company. The company facing the prospect of the large increase is directly served by rail, whereas the other company is not directly served by rail and must truck from a nearby siding (the potential rail line abandonments will cause a longer truck haul from a suitable rail transfer point). In both cases the volumes are such that the projected increase in freight costs would not place these companies in jeopardy.

There is also a movement of glucose in rail tank cars to a company served by one of the rail lines involved. The loss of rail could result in an increase in freight costs of almost 80% based on trucking the product from the Ontario source. Here again, the volume of the movement is not such that this would put the company out of business but it still represents an increase of serious proportions, particularly when combined with other increases that the company would likely incur as a result of the loss of rail service.

Other In-Coming Commodities

Remaining in-coming commodities listed earlier include foodstuffs and lumber. In the case of foodstuffs, there would be increases of up to about 40% stemming from the existence of favourable rail carload rates based on volume commitment movements from Ontario. However, there is a trend to intermodal and truck service for this type of traffic because of faster service and lower inventory and it may be that the use of rail carload will give way to these options in any case.

Inbound lumber consists of a movement of large fir timber from the west coast and the loss of rail would mean significant costs of trucking from rail to the sawmill where further processing is performed. However, because of the location of the sawmill in question, there is a good chance that the abandonment will not result in the loss of direct rail service to this particular rail user in which case there would be no impact on this movement resulting from the abandonment of the remaining portion of the line.

The final commodity where rail service is important to a company served by one of the rail lines involved is moulding sand moving from sources in the United States. The cost of transfer and trucking, together with a higher rail rate to an alternative rail point, will increase the cost of freight for this movement by over 80%. While it is not expected that this will result in the closure of the company involved, a significant burden will be added to the company's operating costs.

Out-Going Commodities

Scrap Iron or Steel

With the loss of direct rail service a major scrap dealer in Fredericton faces the prospect of complete closure. Key markets for scrap steel are located in Quebec and Ontario and the cost of trucking would increase transportation to the point of making the Fredericton dealer uneconomic. It has been estimated that the cost of trucking would be at least double the present rail rates but no figure has been included in the aggregation of freight rate increases as it has been concluded that the shipper would not be able to retain sufficient markets to remain viable.

Apart from the likely loss of the direct employment of 75 workers generated by the operation, there would be the disadvantage to the area environment of no outlet for scrap steel produced in the area.

Woodchips

There are several major movements of woodchips over rail lines that have been identified as candidates for both short term and long term abandonment. One of the rail lines being used is being maintained under subsidy in the public interest and, with the earlier decision of the CTC scheduled to be reviewed in 1988, the rail user is already taking steps to move to truck transportation. These movements, along with another major movement over another rail line identified as a candidate for long term abandonments, can be accommodated using highway transport at very little additional freight cost. However, major capital expenditure for truck loading and unloading facilities at a number of sawmill and pulpmill locations are required.

There are a number of concerns of the shippers of woodchips in relation to the potential abandonment of the rail lines being used. First, the suitability of available highways, particularly Route 108 between Plaster Rock and Grand Falls, in relation to winter conditions and spring weight restrictions. Secondly, the capital cost for new facilities to enable the transition to truck transportation represents a major expenditure and, while there may be some opportunity for federal assistance under Bill C-18, the level of assistance is very uncertain at this time. The final concern relates to the loss of flexibility as a result of the proposed rail abandonments. The availability and use of both rail and highway transportation helped to ensure that the rates were minimized. While there will be competition among truckers for the movement of woodchips, the rail rates helped to maintain an "umbrella" on the truck rates and vice versa.

Other Out-Going Commodities

Among other rail traffic originating at points on the rail lines slated for abandonment is woodpulp. This commodity is shipped to markets in Central Canada and the United States. The use of rail is based on customer requirements as the freight rates by truck are largely competitive. Some of the customers are equipped to receive exclusively by rail while others select rail as a matter of preference. In either case, the pulp manufacturer feels that these markets would be jeopardized if rail service to his mill were to cease as customers would buy from companies able to offer rail deliveries. While lost markets in Central Canada and the United States could be offset by increasing sales to overseas markets, the return to the pulp mill would be less and important diversity and flexibility of market options would be lost.

Frozen foods moving to markets in Western Canada is another movement by rail. The loss of rail could have the effect of an increase in transportation costs and a loss of an important option to truck or intermodal services.

Lumber is being shipped by rail from one of the involved rail lines to connect with a U.S. railroad for U.S. markets. The loss of direct rail service is expected to result in an increase in transportation costs of about 8%. There are other movements of lumber where one of the railways is the buyer and rail service will likely be an on-going requirement. This could mean a short trucking distance for the shipper to reach the nearest rail siding.

A shipper of particleboard faces the prospect of lost flexibility by not being able to offer rail deliveries in the event of his rail line being abandoned. While rail is being used to reach a small portion of the shipper's overall markets, the loss of rail service represents an increase in freight costs on that portion of the sales. Some customers would object to receiving by truck resulting in some loss of markets in Canada and the United States.

There is a movement of fish oil from one of the involved rail lines to a U.S. customer. The option of through truck transportation would be prohibitive but the use of truck to move the product to an optional rail loading location for onward movement by rail is expected to keep costs within limits that will not result in a loss of this market. There is also a rail movement of fish meal from the same area to markets in Western Canada and the U.S. Here again, the loss of direct rail service will result in higher trucking costs to reach a suitable rail loading location, but the markets will not likely be placed in jeopardy. In the case of canned fish, the loss of direct rail service to markets in Western Canada is expected to increase freight costs by from 7% to 9%, plus some capital costs for a truck dock.

Short Line Potential - New Brunswick

Earlier in this report there is an outline of the short line railway experience in the United States, along with some recommendations for a thorough examination of the merits of three potential short line operations in Nova Scotia. From the information developed in relation to the utilization of rail service by New Brunswick users, along with major negative impacts expected from some of the proposed abandonments, the need for some means of preserving direct rail carload service for the areas where the need is greatest become apparent. Whether or not short line operations offer a solution is debatable but it may be the only way of preventing the abandonments.

The following sections of rail lines may offer potential for short line operations:

Table 7

Potential Short Line Railways In New Brunswick

	Present Ownership	Between	And	Miles	Connecting Railway	Potential Volume*
(a)	CP Rail	Nackawic	Fredericton Jct.	70	CP	24
(b)	CP Rail/ CN Rail	Nackawic	McGivney	80	CN	18#
(c)	CP Rail	Hartland	St. Leonard	70	CN/BAR	28
(d)	CP Rail	St. Stephen/ Milltown/ Woodland/ Champlain Spur	McAdam	71	CP	25
(e)	CP Rail	St. Stephen/ Milltown/ Woodland	McAdam	50	CP	31

* Loaded rail cars per mile per year.
# Excluding rail traffic to and from Fredericton.

Each of these sections of rail lines has one or more major users where the continuation of direct rail service is important to their future viability. In the case of options (d) and (e), involving the St. Stephen SD to and including the Milltown Spur, a large proportion of the traffic originates and terminates at Georgia-Pacific Corp., a large U.S. paper mill located near the New Brunswick-Maine border served by the Springfield Terminal Railway (a short line operator and part of Guilford Transportation Industries, Inc. - Rail Division). As part of the study project, an interview was undertaken with Georgia-Pacific Corp. and it was determined that the CP Rail line to Milltown, in combination with the Springfield Terminal Railway is the only physical rail connection between the mill and sources of supply for raw materials as well as markets for their products. Rail service is critical to the company's ability to maintain a competitive position in the marketplace. No attempt was made to fully assess the impact of the loss of rail service on this company as the mill is located in the United States and therefore not applicable under the terms of reference for the study. However, the traffic figures are useful in terms of identifying the potential need for an evaluation of the merits of a short line railway. In this regard, without the rail traffic of Georgia-Pacific Corp. there would be little chance of sufficient rail traffic to support a short line rail operation on the St. Stephen SD/St. Andrews SD.

In addition to a potential short line operation to serve the St. Stephen area, the above list identifies two additional areas offering a similar potential. One consists of the section of CP Rail lines between Hartland and St. Leonard and, apart from what appears to be a reasonably good traffic potential (28 cars per mile per year), the connection at St. Leonard could provide access to two railway lines, i.e., the Bangor and Aroostook Railroad and CN Rail. However, with the loss of a major CP Rail bridge across the Saint John River in the spring of 1987 on the section of line between Hartland and St. Leonard the potential economic viability of a short line railway for this area has been adversely affected. Based on the U.S. experience access to two railways can be of critical importance to the success of short line railways as it helps to ensure competition for the portion of the movement beyond the reach of the short line operator. The Bangor and Aroostook connects with CP Rail at Brownville Jct., ME, a distance of 223 miles from St. Leonard, and also with the Maine Central Railroad at Northern Maine Jct., a distance of 262 miles from St. Leonard.

The third area in New Brunswick where a potential for a short line railway may exist is the section of CP Rail lines between Nackawic and Fredericton Jct. or McGivney. The Fredericton Jct. option provides a connection with the main line of CP Rail and involves roughly 70 miles of CP Rail tracks, plus the CN Rail bridge across the Saint John River at Fredericton (CP Rail utilizes the bridge at the present time under a "running rights" agreement). This route has the disadvantage of including a major bridge over the Saint John River of over 100 years old which, because of heavy maintenance costs, may impede the ability of a short line railway to operate on a viable basis. On the other hand, the optional route to connect with CN Rail at McGivney, involving CP tracks between Nackawic and South

Devon in combination with CN tracks between South Devon and McGivney, fails to provide a direct service to rail users in Fredericton (i.e., south of the Saint John River). This loss of traffic potential, combined with additional distance via the McGivney route, reduces the traffic potential between the two options by about 25% (i.e., 24 cars per mile for the Fredericton Jct. choice versus 18 cars per mile for the McGivney choice). In addition, some of the rail users in Fredericton will face a severe economic impact with the loss of rail service and this would not be addressed with the McGivney option.

As a means of attempting to preserve rail lines and service in those areas of New Brunswick where the loss of rail service will result in serious economic harm to a number of companies dependent on rail service, it is recommended that the Government of New Brunswick request a federally funded study be undertaken to examine the economic merits of the above noted short line railways. As in the case of a similar recommendation pertaining to Nova Scotia, such a study should include a determination of the most effective way of implementation and management of short line railways found to offer a reasonable and practical alternative to outright rail line abandonment.

PRINCE EDWARD ISLAND

All rail lines in Prince Edward Island are considered to be candidates for abandonment in the short term. CN Rail is the operator of all lines on P.E.I. The majority of rail lines are presently being retained in the public interest and are receiving a subsidy. Only 26% of the present trackage is operating without government assistance. This being the Borden SD from the ferry terminal to Charlottetown and that portion of the Kensington SD from Emerald Jct. to Linkletter.

Most rail traffic on P.E.I. now consists of inbound material destined to firms in the Charlottetown area and the Kensington/Summerside area of the province. While there is some traffic to the eastern portion of the province around the Montague area and to the western end of the province at O'Leary, approximately 85% of current rail volume is concentrated around the two major centers.

Outbound rail carload traffic from P.E.I. is virtually non-existent. The majority of outbound commodities, such as potatoes, frozen and canned fish and foodstuffs have completed the conversion from rail carload to truck or intermodal service. While there may still be the occasional shipment of these products by rail carload they no longer contribute significantly to rail traffic statistics on P.E.I. There has been a steady decline in rail tonnage to and from P.E.I. since 1981 with a concurrent rise in truckload and intermodal tonnage.

There are 19 current inbound rail users on P.E.I. as indicated in Table 5 (Page 48). All of these users have the ability to shift to alternate modes of transport although 17 of those users anticipate higher freight costs. These additional inbound freight costs will amount to approximately $721,000 per year representing an overall percentage increase of 15%. An expenditure of approximately $720,000 will be required by 14 firms for alteration of facilities and other capital costs associated with the shift from rail to truck or intermodal service.

The conversion of rail carload traffic to alternate modes is much further advanced in P.E.I. as compared to the other two Maritime Provinces. Most packaged and consumer goods were shifted prior to the commencement of the study and what remains are basically heavy bulk materials. The commodities of most concern to rail users on P.E.I. are:

In-Coming	Out-Going
Agricultural Lime	(None)
Aviation Fuel	
Cooking Oil	
Feed Grains	
Fertilizer Ingredients	
Propane	

Agricultural Lime

Agricultural lime by rail is shipped to P.E.I. from two suppliers in New Brunswick. Lime presently moves by truckload and rail carload. The loss of rail will mean higher transport costs for one of the producers and may result in less competition in the market. The requirement to move large quantities of lime in the short spring and fall spreading seasons may exceed available trucking capacity during the peak seasons. The alternative would be to stockpile lime on P.E.I. in order to spread the shipping over a longer timeframe, thus lessening the peak demand on truck capacity. However, stockpiling is not without inherent problems, such as higher inventory cost for spreaders, shrinkage, additional handling costs and exposure to weather.

Fertilizer Ingredients

There are several fertilizer ingredients which are currently shipped to P.E.I. in rail covered hopper cars. Ammonium nitrate is shipped from Southern Ontario, diammonium phosphate and limestone filler from New Brunswick and potash from Saskatchewan and New Brunswick. The alternatives to direct rail service are rail carload to Moncton and truck beyond for those commodities with a long rail haul and truck delivery for those commodities from sources closer to P.E.I. Ammonium nitrate is a dangerous commodity which can only be carried on designated ferry crossings in certain bulk hopper trailers. Like the agricultural lime, these commodities are not shipped evenly throughout the season. Shipments are concentrated in the spring and the fall. Notwithstanding the specific handling requirements for ammonium nitrate on the ferries, all the fertilizer ingredients are easily handled by either truck or rail and are easily transferable from one mode to the other. There is potential for the displacement of several of these ingredients by alternate products or off-shore sources of supply.

Transportation costs associated with alternative methods of delivery of these fertilizer ingredients are expected to increase by approximately 20% if current suppliers continue to be utilized. The problem of the availability of sufficient numbers of suitable trucks during peak shipping seasons would apply as it does with the lime.

Cooking Oil

Cooking oil from Western Canada is moved in bulk in rail tank cars under a special rate structure, as explained earlier in this report. The alternative would be the use of rail to a transfer facility at Moncton and truck delivery. An increase of approximately 15% in freight costs could be expected using this method.

Propane

Propane is shipped by rail tank car to two depots on P.E.I. for local distribution. Shipments originate in New Brunswick. The discontinuance of rail service to P.E.I. will cause this product to shift to truck. Major capital expense will be incurred for the purchase of equipment and alteration of terminal facilities. Potential increases in transportation costs of 46% can be expected to be reflected in propane prices on P.E.I. Propane is a dangerous commodity and would have to be transported on the designated dangerous goods ferry crossings. This would necessitate careful scheduling to ensure adequate capacity is maintained on P.E.I.

Aviation Fuel

Aviation fuel is currently being shipped by rail tank car from Montreal to P.E.I. Should this fuel continue to come from the same source, an increase in transportation costs of approximately 23% could be expected. However, as an alternate source of supply exists in Nova Scotia, it is expected that P.E.I. will be supplied from there, which could result in a transportation cost savings. A significant capital expenditure would be required as no truck unloading facilities now exist. As with other dangerous commodities, deliveries would have to be scheduled according to the dangerous goods ferry crossings provided by Marine Atlantic.

Feed Grains

Prince Edward Island is now virtually self-sufficient in feed grains which formerly came from Western Canada and is soon expected to provide most of the soya meal required. Corn is still expected to be required from outside sources in future years. A number of feed mills on P.E.I. are served by rail for inbound feed ingredients. Inbound ingredients from Western Canada and Southwestern Ontario move in bulk in covered hopper cars. However, as P.E.I. becomes self-sufficient in the various feed ingredients, the need for rail transport is expected to diminish.

Future requirements for feed ingredients and finished feeds required from outside sources are expected to move by rail to transfer facilities or blending mills at Moncton or Truro with delivery to P.E.I. by truck. In the case of Truro, the possibility of obtaining ingredients by water through the Port of Halifax exists. These would then be milled in Truro and shipped by truck to P.E.I. as finished feeds.

There are a number of feed outlets on P.E.I. at the present time that are not served by rail. They currently receive ingredients or mixed finished feeds from Truro or Moncton by truck. Several outlets which are now served by rail would require capital expenditure to provide adequate storage and unloading capacity to accommodate truck delivery. Freight costs are expected to increase 12% to 15% if traditional sources of supply are maintained.

Other Commodities

There are several other commodities which currently move on or off P.E.I. by rail car. Building supplies, plywood and lumber from Western Canada, foodstuffs and consumer commodities all are shipped to P.E.I. in limited amounts by rail car. Some frozen foods and potatoes are shipped from P.E.I. to markets in Western Canada and the U.S. by rail. While some transportation cost increase may be expected for these commodities, volumes are generally small and several of these products were in the process of switching to alternate modes of transport regardless of the availability of rail service. Some seed potato markets in the U.S. mid-west and south may be in jeopardy.

Ferry Service

The shift from rail service to truck for all transportation requirements of P.E.I. will naturally impact on Marine Atlantic and Northumberland Ferries crossings. All rail traffic is currently carried on Marine Atlantic ferries. The majority of traffic once it has shifted to truck will continue to use the Marine Atlantic crossing for a number of reasons. Marine Atlantic is a year-round service. A good proportion of the traffic involved originates in New Brunswick or Central Canada making the Borden-Cape Tormentine service the nearest of the two ferry services provided. Marine Atlantic provides five designated dangerous goods crossings per week. During April to November when Northumberland Ferries provide service, there will be some slight diversion of traffic to that route. However, the volume is so small that it is not expected to have any impact on that service.

Marine Atlantic can expect to have approximately 4,500 additional heavy commercial vehicles per year utilizing its service from Cape Tormentine to Borden. However, a number of shippers have indicated that there is at present a shortage of suitable tri-axle trailers required to carry the maximum weights. Therefore, until sufficient numbers of tri-axle trailers become available tandem trailers will be utilized which carry less payload weight per unit. This may cause initial truck volume on the P.E.I. ferry service to be greater than that shown. The majority of these vehicles will be returning empty from Borden to Cape Tormentine. There will be some opportunity during the potato shipping season for some of the van type trailers to return with loads. But because most of the traffic which must switch from rail to truck is heavy bulk materials and will move in specialized trailers, most vehicles will not be able to find suitable return loads.

The total additional traffic to be carried by Marine Atlantic, as a result of the switch from rail service to truck service on P.E.I., is expected to be approximately 8,600 vehicles per year.

Marine Atlantic ferry service from New Brunswick to Prince Edward Island operates with four ferries. Two of these ferries operate only in the spring, summer and fall, when no ice is present. The other two ferries operate during the winter season and one serves as a back-up during the remainder of the year. Therefore capacity is two vessels during the winter and three vessels during the spring, summer and fall.

Although concern has been expressed by many P.E.I. companies regarding delays in trucks being accommodated, particularly during peak hours, consultation with officials of Marine Atlantic indicates that there is adequate ferry capacity to handle the anticipated increase in truck traffic. Current traffic statistics indicate that present commercial truck traffic is at about 70% of available overall capacity as illustrated in Charts E and F. However, traffic flow is not evenly spread throughout the year or even throughout the week or day. This creates some delays of one or more sailings due to peaking and bunching.

In the spring and fall, commercial traffic is at its heaviest. These are the times when lime, fertilizer, sand and gravel are moving at their peak volume. Also, there are a number of agricultural commodities shipped in the fall and seed potatoes are shipped in the spring. In addition, there is a daily bunching problem which the ferry service must contend with. This daily bunching problem affects traffic from P.E.I. to N.B. more than traffic in the other direction and usually occurs between 11:30 a.m. and 7:30 p.m. An illustration of the bunching problem during peak daily periods is contained in Charts G and H. Marine Atlantic has set up an internal task force to look into this problem and it is understood that this will be done in consultation with the P.E.I. government.

For those commodities classed as dangerous goods, Marine Atlantic currently operates five crossings per week. There is available capacity to add additional dangerous goods crossings should the need arise. Dangerous goods are carried on a night-time crossing and a reservation system is in place. The problem is alleviated somewhat during the spring, summer and fall, as two of the vessels utilized during these seasons are classed as open deck vessels and a differing set of regulations applies.

Based on information supplied by Marine Atlantic, there is adequate ferry capacity to handle the additional truck traffic which will result from a switch from rail service to truck service in P.E.I. During certain peak seasons some delays can be expected at ferry terminals on both sides of the crossing. Also, because of the daily bunching problem there may be delays at a given terminal on a particular day. Where delays are currently being experienced, additional truck traffic at these times will cause additional delays unless some solution can be found to alleviate the bunching problem.

IMPACT ON THE PROVINCIAL GOVERNMENTS

General

Under the terms of the British North America Act, railways extending beyond the limits of a province, or railways situated wholly within a province declared by the Parliament of Canada to be for the general advantage of Canada, are under federal jurisdiction. Only a limited number of railways in Canada representing a small proportion of total railway mileage fall within provincial jurisdiction. All of the railway trackage of common carriers in the Maritime Provinces is subject to federal jurisdiction.

As outlined earlier, under the present provisions of the Railway Act of Canada governing branch line abandonment procedures, where an application by a railway to abandon a branch line is declined by the Railway Transport Committee for the reason that the service is required in the public interest, the railway is required to continue to provide service and is reimbursed for its loss by the federal government. During the last five years the federal government paid out $18.9 million in branch line maintenance subsidy payments covering the Maritime Provinces with a breakdown by province as follows:

Table 8

Subsidy Payments For The Maintenance Of Rail Branch Lines In The Maritime Provinces 1981 Through 1985*

Province	Payments Over Five Years ('000)	Average Per Year ('000)
Nova Scotia	$6,608	$1,322
New Brunswick	6,863	1,373
Prince Edward Island	5,439	1,088

* Payments will actually be higher than shown as figures for the years 1983 through 1985 were not final on the date of this report.

Source: Canadian Transport Commission

Under the proposed legislation to govern future rail line abandonments the regulatory agency will no longer have the discretion of requiring that service be maintained in the public interest unless the line is either found to be economic or found to be uneconomic but with a reasonable prospect of becoming economic. In the absence of such a determination the only provision for federal fiscal responsibility in relation to the maintenance of rail lines under proposed legislation is to cover a temporary period if the Cabinet postpones an abandonment or where the Minister enters into transitional agreements in cases where shipper(s) would suffer significant economic harm.

Unless rail lines are found to be economic or found to be uneconomic but with a reasonable probability of becoming economic, or unless the line is transferred to and operated by a new operator (i.e., a short line railway), with the exception of some possible transitional funding, the federal government is relieved of much of the financial obligation which will be transferred to the regional economy. The impact of this will be felt in a major way by rail users and this has been fully outlined in the section dealing with the impact on rail users commencing on Page 46. In addition, it will impact upon the provincial governments in the form of higher costs for upgrading and maintaining highways to accommodate the influx of trucks on the provincial highways.

Highways

Pursuant to the study terms of reference, through interviews and input provided by users of rail lines identified as candidates for potential abandonment, estimates of additional tonnage and freight vehicles expected to move over public highways have been developed. On a provincial-wide basis the figures are as follows:

Table 9

Additional Tonnage And Freight Vehicles Expected To Move Over Public Highways

Province	Additional Tonnage (Metric)	Additional Truckloads
Nova Scotia	185,662*	6,818*
New Brunswick	580,718	19,306
Prince Edward Island	149,784	4,523
Totals	916,164	30,647

* Excluding gypsum.

For the reasons set out earlier in this report, in those instances where highway transportation would not be a practical/economic alternative to rail transportation, certain commodity movements, as noted above, have not been included in the highway figure. The majority of the current rail traffic consists of bulk materials which when shifted or transferred to truck will require specialized trucking equipment. As a result, there will be a large percentage of these vehicles returning empty to the point of origin. These will amount to approximately 92% of the New Brunswick vehicles, 94% in Nova Scotia and 96% in Prince Edward Island. The figures, however, include commodities expected to move by truck, as well as intermodally by truck in combination with either rail or water. As a result, the highway traffic figures include a mixture of short and long distances. As part of this study, a more comprehensive listing, including a breakdown of the number of individual trucks expected to move over each highway route or segment thereof, has been submitted to each of the Maritime provincial Departments of Transportation for evaluation.

It should not be overlooked that the Province of New Brunswick serves as a corridor to and from the other Maritime Provinces and, as such, incurs a higher level of truck traffic. A large percentage of the loaded truck traffic shown for N.S. and P.E.I. is included in the N.B. total as it also travels over highways in N.B. In addition, Saint John and Moncton are major intermodal terminals for CP and CN respectively. As the railways promote this service in place of rail service, truck traffic to and from these centers will increase.

It is important to bear in mind that, apart from the additional truck traffic expected to utilize public highways stemming from the anticipated rail abandonments, over the last ten or so years there has been a major swing from rail transportation to truck transportation with the result that much of the existing truck traffic on public highways formerly moved by rail. Examples of commodity movements in the Maritime Provinces which have moved away from rail to truck or intermodal are potatoes from P.E.I., limestone from N.B., coal from N.S., to name a few. Governments are already assuming a major cost burden of highway construction and maintenance because of a trend away from the use of rail transportation.

It appears that the responsibility of the federal government in relation to rail transportation is giving way to or being transferred to a provincial responsibility in relation to highway transportation. This indicates that there is a further role for the federal government to play in upgrading the highway system in the Maritimes. The federal government has contributed significantly in past years to highway improvement projects on a cost sharing basis with provincial governments. However, federal participation has been limited to capital costs whereas the cost of maintaining highways has become a major burden on the provinces and this can be expected to worsen with additional truck traffic stemming from rail abandonments and decreased use of the rail mode generally. Moreover, federal participation in recent cost-shared programs has been limited to arterial highways leaving the provincial governments to cope with secondary roads. Many of the secondary roads are subject to restricted weight limits and particularly so during the spring period. These cost-shared programs have been beneficial to the provinces and should not only be continued but expanded to reflect a greater federal responsibility.

IMPACT ON FUTURE RATE LEVELS

The loss of direct rail service will have an immediate impact on those firms affected. These impacts in the form of increased freight costs and capital expenditures for necessary shipping facilities and equipment have been outlined in earlier sections of this report. Some of those interviewed indicated that they felt that the presence of the railway had a limiting effect on the level of truck rates. Others felt that in the absence of rail competition for their traffic trucking firms could, in future years, increase their rates freely. They also felt that with the loss of rail competition truck rates could be expected to increase by a greater amount than would otherwise be the case if the rails were to remain.

The impact of the loss of rail service on the future rate levels of alternate modes is very difficult to assess. There must be competition between differing modes of transport for the rate level of one mode to directly influence the other. There must also be a complete withdrawal of one mode or competitor for the traffic, that is not replaced by any alternative, before the remaining carriers can be free to set rate levels. As well, the competition must be the determining factor affecting the rate level for the absence of competition to influence future rates and the competitive factor must not be replaced by some other consideration.

A large amount of current rail traffic to and from rail lines involved in this study consists of commodities transported over long distances. For much of this traffic, and particularly so for commodities moving in bulk, the rail mode represents the least cost route with little effective competition with other modes. As such, the use of the least cost option to rail will initially result in increased transportation costs as represented by the higher (non-competitive) rate level of the optional carrier and this has been outlined in the section dealing with the impact on rail users commencing on Page 46. In cases where rail rates have not significantly influenced the level of rates of other modes in the past, the abandonment of branch lines should not affect future rate levels. On the other hand, where rail rates have influenced the level of truck rates (in the case of long haul traffic there is only a limited degree of this, e.g., a limited amount of potato traffic along with some movements of feed and fertilizer ingredients and steel), the loss of direct rail service will have some negative implications in relation to future rate levels. Furthermore, where rail carload service is replaced with intermodal service, the cost of trans-shipment of commodities at Moncton will, undoubtedly, contribute to higher rate levels and this can combine with additional costs attributable to shrinkage and possible deterioration to produce in some instances significantly higher transportation costs for shippers and receivers which formerly depended on rail carload service.

However, on an overall basis the absence of rail service on branch lines for long haul traffic should not significantly affect future rate levels. Additionally, the railways have indicated that they will compete for a large portion of long haul traffic to points no longer served directly by rail (utilizing rail to connect with truck pick-up or delivery through a transfer facility) and this should help to create additional competition from or to points served by lines expected to be abandoned.

Other traffic moving on lines considered to have potential for abandonment is local traffic or short haul traffic. In most cases there has been no competition between rail and truck for this traffic in recent years. However, for some movements of bulk commodities there has been direct rail-truck competition. The withdrawal of railway service will remove one of the major competitive elements influencing the rates for these movements. Unless the lost competitive factor is replaced by some other limiting influence, there could, in future years, be upward pressure on the freight rates of remaining carriers which would be greater than could otherwise have been expected.

On an overall basis, in addition to competition stemming from increased activity by the railways in the intermodal field, proposed relaxation of economic entry into trucking in Canada can also be expected to provide additional competition and thereby assist in maintaining freight rates at reasonable levels.

IMPACT ON TRAIN SERVICE FOR REMAINING TRAFFIC

Concern has been expressed over a possible deterioration of main line train service as a result of the anticipated rail line abandonments stemming from a decrease in rail traffic. As part of the scope of the study, an evaluation was made of the rail traffic of each user expected to lose rail service to determine the least cost alternative mode of transportation. Least cost alternatives include direct trucking or intermodal services combining truck with rail or truck with water, or railway door to door piggyback service.

In the case of direct trucking, the railways will no longer be moving the traffic over any segment of their system and this could have a negative impact on the level of train service for remaining traffic. However, in cases where intermodal rail-truck transportation offers the least cost option to direct rail service, the railway mainline train service will not be affected. For the purpose of this study, mainlines are considered to be the CP line from Montreal to Saint John and the CN line from Montreal through Edmundston to Moncton and Halifax. In the case of rail piggyback service as an alternative for rail carload service, the volume of rail cars handled on mainline trains actually increases in most cases due to the need for two and in some cases three piggyback trailers to accommodate the payload of one carload. However, since piggyback trailers are normally handled on different trains from rail carloads, this feature has been ignored.

Taking these factors into account, along with the impact of the potential loss of traffic by one railway to an intermodal service of another railway, and excluding traffic that is local to a branch line as any such losses will not affect mainline train traffic volumes, the following rough estimates of traffic losses were developed:

	CN Rail	CP Rail	Total
Rail Cars	2,203	9,329	11,532
Metric Tonnes	149,000	584,000	733,000

The difference between the projected rail traffic losses and the additional truck traffic over public highways as shown in Table 9, Page 108, is largely explained by the fact that the railways can be expected to retain significant tonnage through intermodal services.

Not all of this traffic moves over the total mainline train distances between Montreal and Saint John, in the case of CP Rail, or between Montreal and Moncton/Halifax, in the case of CN Rail. Some of this traffic moves over only part of the traffic corridors. In addition, the above figures do not include local traffic on non-corridor mainlines such as Saint John - Moncton or Campbellton - Moncton.

From consultations with officials of CN Rail and CP Rail, the following conclusions can be drawn. In the case of CN Rail, the estimated shrinkage in carload traffic moving over mainline corridors will have little or no effect on the level of train service because it represents such a small proportion of total traffic. However, in the case of CP Rail, the potential loss of over 9,000 carloads per year, or an average loss of 25 cars per day, in relation to present train service may have a significant negative impact on that company's ability to maintain two mainline trains per day between Montreal and New Brunswick. Compounding the problem for CP Rail has been the loss of practically all of the import/export containers moving between the Port of Saint John and inland terminals because of the termination of a number of containerline services to and from that port.

If, in fact, CP Rail traffic decreases by the amount estimated it is likely that train service between Montreal and Saint John will be limited to one train per day in each direction. While second morning delivery will still be provided by CP Rail between Central Canada and New Brunswick in most cases, there will be some overall deterioration in service particularly for connecting traffic from or to points beyond the Montreal and Toronto terminal areas.

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(See Page 2 For Summary And Conclusions)

NOTE: "This study was undertaken with the encouragement and financial assistance of the Federal Coordinator's Office (DRIE) and the Nova Scotia Department of Development.

While the report has been reviewed on behalf of Canada and of Nova Scotia, any publication that may be authorized does not signify that the contents reflect the views or policies of either government.

Any reference to trade names, or commercial products, in the report does not constitute an endorsement thereof by either government."

Appendix A
Page 1 of 2

CN RAIL AND CP RAIL MILES OF RAILWAY LINES IN THE MARITIME PROVINCES AND THE STATUS IN RELATION TO POTENTIAL ABANDONMENTS

	Miles of CN and CP Trackage								
	CN Rail				CP Rail				CN-CP
	Main Line	Branch Line	Spur Line	Total	Main Line	Branch Line	Spur Line	Total	Combined Total
					New Brunswick				
(a) Trackage as at April 1, 1987	611	363	38	1,012	90	337	9	436	1,448
(b) Trackage less sections being maintained under subsidy	611	169	31	811	90	337	9	436	1,247
(c) Trackage less sections considered potential for abandonment in short term	611	83	31	725	90	272	9	371	1,096
(d) Trackage less sections considered potential for abandonment in long term	611	49	31	691	90	13	1	104	795
Net Trackage Loss (Miles				321				332	653
(Per Cent				32%				76%	45%
					Nova Scotia				
(a) Trackage as at April 1, 1987	338	143	50	531	201	4	3	208	739
(b) Trackage less sections being maintained under subsidy	338	143	50	531	201	4	3	208	739
(c) Trackage less sections considered potential for abandonment in short term	338	76	35	449	-	-	-	-	449
(d) Trackage less sections considered potential for abandonment in long term	338	76	35	449	-	-	-	-	449
Net Trackage Loss (Miles				82				208	290
(Per Cent				15%				100%	39%

Appendix A
Page 2 of 2

	Miles of CN and CP Trackage								
	CN Rail				CP Rail				CN-CP Combined Total
	Main Line	Branch Line	Spur Line	Total	Main Line	Branch Line	Spur Line	Total	
Prince Edward Island									
(a) Trackage as at April 1, 1987	-	225	10	235	-	-	-	-	235
(b) Trackage less sections being maintained under subsidy	-	62	-	62	-	-	-	-	62
(c) Trackage less sections considered potential for abandonment in short term	-	-	-	-	-	-	-	-	-
(d) Trackage less sections considered potential for abandonment in long term	-	-	-	-	-	-	-	-	-
Net Trackage Loss (Miles				235				-	235
(Per Cent				100%				-	100%
Maritime Provinces Combined									
(a) Trackage as at April 1, 1987	949	731	98	1,778	291	341	12	644	2,422
(b) Trackage less sections being maintained under subsidy	949	374	81	1,404	291	341	12	644	2,048
(c) Trackage less sections considered potential for abandonment in short term	949	159	66	1,174	90	272	9	371	1,545
(d) Trackage less sections considered potential for abandonment in long term	949	125	66	1,140	90	13	1	104	1,244
Net Trackage Loss (Miles				638				540	1,178
(Per Cent				36%				84%	49%

Note: Rail siding and yards are not included in this table.

Source: Interviews with senior officials of CN Rail and CP Rail.

CN RAIL AND CP RAIL BRANCH LINES AND SPUR LINES IN THE MARITIME PROVINCES CONTINUED UNDER SUBSIDY

Summary of Appendix B

		Miles of Trackage			
		NB	NS	PEI	Total
Trackage continued under subsidy	(CN	201	-	173	374
	(CP	-	-	-	-
	Totals	201	-	173	374

Railway	Name of Subdivision/Spur	Between	And	Miles	Statutory Review Due By
Trackage Ordered Continued Under Subsidy*					
New Brunswick					
CN	Caraquet	East Bathurst	Tracadie	67.7	1988
CN	Shippagan Spur	Pokemouche	Shippagan	7.3	1988
CN	St. Quentin	Tide Head	I.N.R. Jct.	105.8	1988
CN	Temiscouata	Edmundston	NB/PQ Border	15.0#	1991
CN	Centreville	Valley	Woodstock	2.6	≠
CN	Albert	Salisbury	Mile 2.85	2.9	1987

Railway	Name of Subdivision/Spur	Between	And	Miles	Statutory Review Due By
Trackage Ordered Continued Under Subsidy*					
Prince Edward Island					
CN	Kensington	Linkletter	Tignish	65.2	1988
CN	Souris	Royalty Jct.	Souris	55.0	1990
CN	Elmira Spur	Baltic	Elmira	5.0	1989
CN	Montague	Mount Stewart	Montague	25.6	1989
CN	Murray Harbour (incl. Mount Herbert Spur)	Maple Hill	Uigg	17.8) 4.6)	1989

* Subject to specified dates for review.
# Approximate
≠ To be acquired and operated by CP Rail.

Source: The Nineteenth Annual Report of the CTC and RTC Orders.

ATLANTIC PROVINCES TRANSPORTATION COMMISSION
MONCTON, NB MAY 1, 1987

CN RAIL AND CP RAIL LINES IN THE MARITIME PROVINCES CONSIDERED POTENTIAL FOR ABANDONMENT IN SHORT TERM (THREE YEARS)

Summary of Appendix C (Short Term)

	Miles of Trackage			
	NB	NS	PEI	Total
CN Rail	86	82	62	230
CP Rail	65	208	-	273
Totals	151	290	62	503

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
		New Brunswick				
CN	Havelock	Petitcodiac	Havelock	12.3	Havelock	12.3
CN	Tormentine	Sackville	Cape Tormentine	35.4	Brooklyn Port Elgin Melrose Cape Tormentine	12.2 19.9 27.2 35.4
CN	Bartibog	Bartibog	Heath Steele	23.1	Heath Steele	23.1
CN	Oromocto	South Devon	End of Track	15.1	Camp Gagetown Oromocto	56.0 57.4

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
			Nova Scotia			
CN	Chester	Chester	Liverpool	67.1	Chester	48.2
					Western Shore	57.4
					Mahone Bay	66.7
					Maitland	71.7
					Bridgewater	77.9
					Conquerall	86.3
					County Line	96.2
					Liverpool	109.1
CN	Lunenburg Spur	Mile 67.1	Lunenburg	9.1	Lunenburg	7.7
	Blue Rocks Spur				Blue Rocks	-
CN	Thorburn Spur (Hopewell SD)	New Glasgow	Thorburn	5.8	Thorburn	5.8≠
			Prince Edward Island			
CN	Borden	Charlottetown	Borden	42.4	Royalty Jct.	5.3
					Milton	9.3
					North Wiltshire	15.6
					Hunter River	19.3
					Fredericton	23.7
					Bradalbane	28.0
					Emerald Jct.	30.4
					Kinkora	34.4
					Albany	38.0
					Borden	42.4

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
		Prince Edward Island (Cont'd.)				
CN	Kensington	Emerald Jct.	Linkletter	19.4	Freetown	3.2
					Kensington	8.4
					New Annan	12.5
					Summerside	16.8
					Linkletter	19.1
		New Brunswick				
CP	Shogomoc	McAdam	Newburg	55.3	Canterbury	22.5
					Debec Jct.	40.4
					Valley	49.2
					Woodstock	51.1
CP	Houlton	Debec Jct.	Houlton	5.0#	Green Road	3.5
CP	Aroostook	Aroostook	Washburn	4.8#	(None)	

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
			Nova Scotia			
CP	Halifax	Windsor Jct.	Kentville	56.1	Beaver Bank	2.9
					South Uniacke	10.2
					Mount Uniacke	12.8
					Stillwater	19.5
					Ellershouse	23.3
					Newsport	26.2
					Windsor	31.6
					Shaw's Bog	34.6
					Hantsport	38.1
					Avonport	43.0
					Horton Landing	44.9
					Grand Pre	46.2
					Wolfville	49.1
					Port Williams	50.9
					Kentville	56.1
CP	Truro	Windsor	Mantua	4.4	Dimock's	2.3
					Mantua	4.4
	Fundy Gypsum Spur	Mantua	End of Track	0.7		
CP	Kentville	Kentville	Annapolis Royal	58.4	Coldbrook	4.4
					Waterville	9.3
					Berwick	12.3
					Aylesford	17.5
					Kingston	23.6
					Wilmot	27.1
					Middleton	30.9
					Lawrencetown	37.1
					Bridgetown	44.7
					Round Hill	52.5
					Annapolis Royal	58.4

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
		Nova Scotia (Cont'd.)				
CP	Kingsport Spur	Kentville	End of Track	2.3	(None)	
CP	Yarmouth	Annapolis Royal	Yarmouth	86.0	Clementsport	7.4
					Cornwallis	9.1
					Bear River	13.6
					Digby	20.2
					North Range	30.4
					Weymouth	41.4
					Church Point	50.2
					Saulnierville	53.9
					Meteghan	57.2
					Hectanooga	66.5
					Brazil Lake	73.6
					Ohio	80.1
					Yarmouth	86.0

Mileage in New Brunswick only.
≠ Application for abandonment made by CN Rail on June 13, 1986, with a decision by the CTC pending.

Source: Interviews with senior officials of CN Rail and CP Rail.

CN RAIL AND CP RAIL LINES IN THE MARITIME PROVINCES CONSIDERED POTENTIAL FOR ABANDONMENT IN LONG TERM (FIVE YEARS)

Summary of Appendix D (Long Term)

	Miles of Trackage			
	NB	NS	PEI	Total
CN Rail	34	-	-	34
CP Rail	267	-	-	267
Totals	301	-	-	301

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
			New Brunswick			
CN	Nashwaak	McGivney	South Devon	33.8	Cross Creek	9.3
					Taymouth Pit	15.4
					Durham Bridge	19.8
					South Devon	33.8
CP	St. Stephen	McAdam	St. Stephen	33.9	Watt	14.8
					Moore's Mills	25.2
					Milltown Jct.	32.8
					St. Stephen	33.9
CP	Milltown Spur (St. Stephen SD)	Milltown Jct.	End of Track	4.6	Milltown	4.6
CP	St. Andrews	Watt	St. Andrews	27.5	Roix Road	13.0
					Chamcook	23.1
					St. Andrews	27.5

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
New Brunswick (Cont'd.)						
CP	Champlain Spur (St. Andrews SD)	Mile 18.1	End of Track	3.6	Champlain Ind. Park	3.6
CP	Fredericton	Fredericton Jct.	Fredericton	22.2	Doak	18.8
					Fredericton	22.2
CP	Gibson	Newburg	South Devon	59.0	Newburg	0.0
					Milltown	20.6
					Southampton	22.0
					Stoneridge	36.2
					Keswick	47.2
					Nashwaaksis	56.5
					North Devon	57.8
					South Devon	59.0
CP	Southampton	Southampton	Nackawic	9.4	Nackawic	9.4
CP	Shogomoc	Newburg	Aroostook	50.5	Deep Creek	62.4
					Hartland	64.1
					Florenceville	74.9
					Bristol	78.1
					Bath	81.1
					Upper Kent	88.1
					Inman	96.8
					Perth Jct.	100.2
					Andover	101.5
					Aroostook	105.8
CP	Tobique	Perth Jct.	Plaster Rock	27.5	Tobique Narrows	4.0
					Red Rapids	13.6
					Beveridge	19.7
					Arbuckle	26.6
					Plaster Rock	27.5

Railway	Name of Subdivision/Spur	Between	And	Total Miles	Station	Station Located At Mile
		New Brunswick (Cont'd.)				
CP	Edmundston	Aroostook	Edmundston	28.7#	Morrell	3.6
					Limestone	8.9
					Ortonville	11.6
					Argosy	13.8
					Grand Falls	18.7
					Martin	24.8
					Edmundston	56.1

Excluding CN trackage used under "running rights".

Source: Interviews with senior officials of CN Rail and CP Rail.

Appendix E

CN RAIL AND CP RAIL LINES IN THE MARITIME PROVINCES WHICH WERE ABANDONED SINCE DECEMBER 31, 1981

Subdivision	Between	Mileage	Date of Abandonment
	Nova Scotia		
CN Rail			
Caledonia	Caledonia Junction - Caledonia	21.92	June 1, 1983
Dartmouth	Imperoyal - Upper Musquodoboit	63.30	August 27, 1984
Inverness	Port Hastings - Inverness	55.64	July 31, 1986
Middleton	Bridgewater Jct. - Bridgetown	66.84	July 8, 1984
Oxford	Pugwash Jct. - Scott Spur	54.94	January 1, 1987
Yarmouth	Liverpool - Yarmouth	135.68	August 1, 1982
	Sub Total	398.32	
CP Rail			
Truro	Windsor - Truro	53.20	July 1, 1986
	NS Total	451.52	
	New Brunswick		
CN Rail			
Albert	Synton - Hillsboro	21.51	June 1, 1982
Centreville	Woodstock - Centreville	25.09	June 15, 1986
Loggieville	Chatham - Loggieville	3.99	December 5, 1984
Minto Spur	Hardwood Ridge - Minto	5.06	January 13, 1984
Miramichi	Derby Jct. - McGivney	74.75	January 6, 1985
Oromocto	Westfield - Oromocto	55.40	December 8, 1984
Richibucto	Kent Jct. - Richibucto	26.50	December 5, 1984
Stanley Spur	Stanley Jct. - Sutherland	2.40	April 2, 1986
	Sub Total	214.70	

Subdivision	Between	Mileage	Date of Abandonment
	New Brunswick (Cont'd.)		
CP Rail			
Minto	Fredericton - Minto	37.60	April 1, 1986
Shore Line)	Lepreau - St. George	20.10	June 1, 1983
)	Bayside - Lepreau	12.50	August 28, 1986
	Sub Total	70.20	
	NB Total	284.90	
	Prince Edward Island		
CN Rail			
Elmira Spur	Baltic - Elmira	4.85	June 14, 1984
Georgetown Spur	Montague Jct. - Georgetown	4.83	December 28, 1984
Murray Harbour	Uigg - Murray Harbour	26.63	April 1, 1984
Mount Herbert Spur	Mount Albion - Mount Herbert	3.75	April 1, 1984
Vernon Spur	Lake Verde - Vernon	4.43	April 1, 1984
	PEI Total	44.49	
	Maritimes Total	780.91	

ATLANTIC PROVINCES TRANSPORTATION COMMISSION
MONCTON, NB MAY 1, 1987

INFORMATION REQUIRED TO ASSESS THE IMPORTANCE OF DIRECT RAIL CAR SERVICE

1. Company/Organization: Name ____________________

    Address ____________________

    ____

    ____

    Contact Person ____________________

    Phone Number ____________________

2. Is your company/organization concerned over the possible loss of direct rail carload service? Yes [ ] No [ ]

3. Is your receiving or shipping facility served by a private rail siding? Yes [ ] No [ ]

4. Are your suppliers/customers generally served by a private rail siding? Yes [ ] No [ ]

5. Does your company have the ability to shift to other transportation modes? Yes [ ] No [ ]

    Comment: ____________________

    ____

    ____

6. What would be the impact of the loss of direct rail service on your company/organization?

	Yes	No	Comments
(a) Increased freight cost	___	___	____________________
(b) Capital cost for change in shipping/receiving facilities	___	___	____________________

6. (Continued)

	Yes	No	Comments
(c) Any offsetting cost savings resulting from the use of truck or intermodal	___	___	___
(d) Loss of markets/customers/suppliers	___	___	___
(e) Other concerns	___	___	___

7. Present use of rail car service consists of (use most recent calendar or crop year):

	Commodity	From/To	M. Tonnes	No. of Carloads	Type of Rail Equipment	Annual Freight Cost	Estimated Freight Cost Using Least Cost Alternative to Rail
Inbound							
Outbound							

8. What percentage of your total inbound traffic currently moves by:

(a) Rail Carload ____%
(b) Rail Piggyback ____%
(c) Truck ____%
(d) Other: ________ ____%

9. What percentage of your total outbound traffic currently moves by: (a) Rail Carload ____%
(b) Rail Piggyback ____%
(c) Truck ____%
(d) Other: __________ ____%

10. Is any of your traffic classified as Dangerous Commodities? Yes [ ] No [ ]

If yes, please complete the following:

Commodity	Class	From	To	Mode of Transport	Tonnes Per Year	No. of Carloads/ Truckloads

11. Please estimate the number of truckloads which would be required to transport your present rail carload traffic in the event that rail carload service was discontinued, by: (a) Highway ____
(b) Rail Piggyback ____
(c) Total ____

NOTE: Information is to be supplied to the Atlantic Provinces Transportation Commission, P. O. Box 577, Moncton, NB, E1C 8L9.

Information is for evaluation by the APTC, except for possible distribution in aggregate form with other figures, will be treated in strict confidence.

ATLANTIC PROVINCES TRANSPORTATION COMMISSION
MONCTON, NB SEPTEMBER 17, 1986
PAV/smw

LIST OF COMPANIES INTERVIEWED/CONTACTED FOR APTC RAILWAY SERVICES STUDY

Company	Rail Station
NOVA SCOTIA	
Mr. James Devenney Plant Manager Acadian Distillers Limited P. O. Box 39 Bridgetown, NS BOS 1CO	Bridgetown
Mr. H. Endres, President Annapolis Valley Peat Moss Co. Ltd. R. R. # 1 Berwick, NS BOP 1EO	Berwick
Mr. Orie Wentzell Atlantic Wholesalers Limited P. O. Box 109 Bridgewater, NS B4V 2W8	Bridgewater
Mr. Julien Comeau R. A. Belliveau (1977) Ltd. Church Point Digby Co., NS BOW 1MO	Saulnierville
Mr. Howard Arsenault Plant Manager Berwick Bakery P. O. Box 220 Berwick, NS BOP 1EO	Berwick
Mr. D. B. Chandler Manager, Transportation & Distribution Bowater Mersey Paper Co. Ltd. P. O. Box 1150 Liverpool, NS BOT 1KO	Liverpool
Mr. Ozie Wyle Brady Building Supply Centre Ltd. 21 Aberdeen Road Bridgewater, NS B4V 2S5	Bridgewater Liverpool Lunenburg
Mr. David A. Graham President Britex Limited P. O. Box 460 Bridgetown, NS BOS 1CO	Bridgetown
Burrell Foundry & Machine Works Ltd. P. O. Box 512 Kentville, NS B4N 3X3	Kentville

Company	Rail Station
Mr. R. F. Ballard Distribution Manager, Explosives Division C-I-L Inc. P. O. Box 200, Stn. "A" North York, ON M2N 6H2	Mahone Bay
Mr. B. R. Buchanan Traffic Manager CKF Inc. P. O. Box 419 Hantsport, NS B0P 1P0	Hantsport
Mr. G. R. Ehrhardt Manager, Atlantic Region Canada Packers Inc. Shur-Gain Division P. O. Box 2030, Stn. "C" Saint John, NB E2L 3T5	Bridgewater Port Williams
Mr. A. V. Veinot Manager Canada Packers Inc. Shur-Gain Division P. O. Box 66 Bridgewater, NS B4V 2W6	Bridgewater Port Williams
Lieut.-Col. R. Jamieson Base Transportation Officer Canadian Forces Base Greenwood Greenwood, NS B0P 1N0	Kingston
Mr. Gerald H. Bennett CanVin Products Limited G. B. # 36, R. R. # 2 Wolfville, NS B0P 1X0	Wolfville
Mr. E. R. Dalton General Traffic Manager Cobi Foods Inc. P. O. Box 1000 Berwick, NS B0P 1E0	Port Williams
Mr. Victor J. Comeau General Manager E. M. Comeau & Sons (1977) Ltd. P. O. Box 247 Meteghan, NS B0W 2J0	Meteghan
Mr. Noel Despres Traffic Manager Comeau's Sea Foods Limited P. O. Box 39 Saulnierville, NS B0W 2Z0	Saulnierville

Company	Rail Station
Mr. John Eaton and Mr. Myron MacArthur Co-op Atlantic P. O. Box 750 Moncton, NB E1C 8N5	New Minas
Mr. James E. Redmond Plant Manager Co-op Atlantic 1273 Commercial Street New Minas, NS B4N 3G3	New Minas
Mr. Gary Luton Crockett-McConnell Inc. P. O. Box 500 Bridgewater, NS B4V 2X6	Bridgewater
Mr. Gary A. Johnson Vice-President & General Manager Crown Fibre Tube Inc. P. O. Box 10 Kentville, NS B4N 3V9	Kentville
Mr. Normand Theriault Crown Upholstery Company (1981) Ltd. Belliveau Cove Digby County, NS B0W 1J0	Weymouth
Mr. Basil Lewis General Manager Digby Forging & Machine Co. Ltd. P. O. Box 517 Digby, NS B0V 1A0	Digby
Mr. Rodney Cartier Dominion Textile Limited 233 Water Street Yarmouth, NS B5A 1M1	Yarmouth
Mr. Stewart G. Johnson Plant Superintendent Domtar Construction Materials P. O. Box 758 Windsor, NS B0N 2T0	Windsor
Ms. Joyce Drysdale Rail Supervisor Esso Petroleum Ltd. P. O. Box 220 Halifax, NS B3J 2N6	Kingston

Company	Rail Station
Mr. John Trask Manager Farmer's Co-op Dairy P. O. Box 459 Middleton, NS BOS 1PO	Middleton
Mr. Laurie Hudson Manager Fundy Fertilizers P. O. Box 172 Middleton, NS BOS 1PO	Wilmot
Mr. Don Baker Manager Fundy Fertilizers P. O. Box 247 Kentville, NS B4N 3W4	Aldershot
Mr. G. C. Raymond Manager Fundy Gypsum Company Ltd. P. O. Box 400 Windsor, NS BON 2TO	Hantsport Mantua Windsor
Mr. Raymond Henley Henley Transport R. R. # 1 Liverpool, NS BOT 1KO	Liverpool
Mr. Lawrence Himmelman Himmelman Supply Co. Ltd. LaHave, NS BOR 1CO	Mahone Bay
Mr. Ralph Burt Plant Manager Hostess Food Products Ltd. P. O. Box 250 Kentville, NS B4N 3W9	Kentville
Mr. Sidney Hughes President & General Manager IMO Foods Limited 6454 Quinpool Road Halifax, NS B3L 1A9	Yarmouth
Mr. David Scales President Island Fertilizers Ltd. P. O. Box 334 Charlottetown, PE C1A 7K7	Aldershot Wilmot

Company	Rail Station
Mr. George Kinsman V. Kinsman & Son Ltd. R. R. # 5, Sheffield Mills Canning, NS BOP 1HO	Steam Mills
Mr. Wayne Hall Traffic Manager Lunenburg Foundry & Engineering Ltd. P. O. Box 1240 Lunenburg, NS BOJ 2CO	Lunenburg
Mr. Donald Newcombe Mic Mac Feeds Commercial Street New Minas, NS B4N 3G3	Port Williams
Mr. Lionel A. Pereira Manager of Physical Distribution and Mr. Alex MacKinnon Michelin Tires (Canada) Ltd. P. O. Box 399 New Glasgow, NS B2H 5E6	Bridgewater Waterville
Mr. G. C. McDade Minas Basin Pulp and Power Company P. O. Box 419 Hantsport, NS BOP 1PO	Hantsport
Mr. David Barry Traffic/Warehouse Manager National Sea Products Limited P. O. Box 910 Lunenburg, NS BOJ 2CO	Lunenburg
Mr. J. D. MacDonald President Nova Scotia Textiles Ltd. P. O. Box 970 Windsor, NS BON 2TO	Windsor
Mr. Robert E. Dechman Provincial Grain Commission Steam Mill Grain Centre P. O. Box 785 Kentville, NS B4N 3X9	Middleton Steam Mills
Mr. Ken Collison Mill Manager Rio Algom Limited P. O. Box 6 East Kemptville, NS BOW 1YO	Liverpool

Company	Rail Station
Mr. Wayne Balcom Scotia Farm Services Ltd. P. O. Box 501 Kentville, NS B4N 3X3	Kentville
Mr. E. L. Dillman Group Traffic Co-ordinator Scotia Investments Ltd. P. O. Box 393 Hantsport, NS B0P 1P0	Hantsport Kentville Port Williams
Mr. David Cudmore Vice-President Scotian Gold Co-operative Ltd. P. O. Box 370 Kentville, NS B4N 3X2	Kentville
Mr. Len Perry General Manager Steel and Engine Products Ltd. P. O. Box 1120 Liverpool, NS B0T 1K0	Liverpool
Mr. Sheldon Chute Branch Manager Superior Propane Ltd. P. O. Box 365 Bridgewater, NS B4V 2W9	Bridgewater
Mr. B. Fleck Superior Propane Inc. 8474 Keele Street Concord, ON L4K 2S5	Digby Kentville
Mr. Earle Rayfuse President TRA Foods Limited Main Street West Middleton, NS B0S 1P0	Middleton
Mr. Richard Thompson Thompson's Transfer & Co. Ltd. P. O. Box 670 Middleton, NS B0S 1T0	Bridgewater
Mr. Roger Wentzell Thompson's Transfer & Co. Ltd. P. O. Box 217 Bridgwater, NS B4V 2E8	Bridgewater

Company	Rail Station
NEW BRUNSWICK	
Mr. Stan Osborne American Can Canada, Inc. Champlain Industrial Park St. Andrews, NB E0G 2X0	Champlain Spur
Mr. B. Welch Traffic Manager Atlantic Wholesalers Limited P. O. Box 550 Fredericton, NB E3B 5A6	Fredericton
Mr. Brent Taplin Manager of Freight Services & Trucking Services J. W. Bird & Co. Ltd. P. O. Box 1090 Fredericton, NB E2B 5C6	Fredericton
Mr. D. E. Clendenning Bonar Packaging Ltd. 113 Carman Avenue (P. O. Box 116) Fredericton, NB E3B 4Y2	Fredericton
Mr. Mike Sanford General Manager Brookville Manufacturing Company P. O. Box 2332 Saint John, NB E2L 3V6	Florenceville Grand Falls Hartland
Mr. J. R. Schnarr Mine Manager Brunswick Mining & Smelting Corp. Ltd. P. O. Box 3000 Bathurst, NB E2A 3Z8	Heath Steele
Mr. R. W. Jones Manager of Marketing Canada Cement Lafarge Ltd. Suite 310, Queen Square 45 Alderney Drive Dartmouth, NS B2Y 2N6	Havelock
Major R. D. Boettger Base Transportation Officer Canadian Forces Base Gagetown Oromocto, NB E0G 2P0	Oromocto

Company	Rail Station
Mr. D. Foster Manager Carleton Co-operative Ltd. P. O. Box 98 Florenceville, NB EOJ 1KO	Florenceville
Mr. David Phillips Traffic Manager Chippin Bros. Limited P. O. Box 305 Fredericton, NB E3B 4Y9	Fredericton
Mr. Gerry Henry Sales/Traffic Manager Connors Bros. Limited Black's Harbour, NB EOG 1HO	Bartletts
Mr. John W. Craig Vice-President Craig's Machine Shop Ltd. P. O. Box 328 Hartland, NB EOJ 1NO	Hartland
Mr. Ralph Gill Devon Lumber Co. Ltd. 200 Gibson Street Fredericton, NB E3A 4E3	Fredericton
Mr. George Fawcett H. A. Fawcett & Son Ltd. P. O. Box 399 Petitcodiac, NB EOA 2HO	Petitcodiac
Mr. Jim Shotbolt Executive Vice-President Flake Board Company Limited 151 Church Street P. O. Box 490 St. Stephen, NB E3L 3A6	Milltown
Mr. Dwight Phillips Florenceville Grain Centre Inc. P. O. Box 148 Florenceville, NB EOJ 1KO	Florenceville
Mr. Walter B. Flewelling President The Food Group Inc. P. O. Box 1139 Saint John, NB E2L 4E6	Fredericton

Company	Rail Station
Mr. E. S. Bailey Vice-President, Purchasing, Transportation & Stores Fraser Inc. 27 Rice Street Edmundston, NB E3V 1S9	Kedgwick Plaster Rock
Mr. Harold Ryan Distribution Manager Ganong Bros. Limited 73 Milltown Blvd. St. Stephen, NB E3L 2X5	St. Stephen
Mr. Thomas Golden Traffic Manager, Woodland Division Georgia-Pacific Corporation Mill Street Woodland, ME 04694	Milltown-Woodland
Mr. John Gibson President John Gibson & Sons Ltd. P. O. Box 457 Fredericton, NB E3B 4Z9	Fredericton
Mr. Leon Watson Manager Haines Manufacturing Co. (1973) Ltd. P. O. Box 786 Perth-Andover, NB E0J 1V0	Perth-Andover
Mr. Robert Brennan Hartland Agromart Ltd. P. O. Box 298 Hartland, NB E0J 1N0	Hartland
Mr. L. Durling Office Manager Hartt Shoes 401 York Street Fredericton, NB E3B 3P8	Fredericton
Mr. H. A. Mowery Manager Havelock Feed Co. Ltd. P. O. Box 122 Havelock, NB E0A 1W0	Havelock

Company	Rail Station
Mr. J. L. Murray General Manager Havelock Lime Works Limited P. O. Box 59 Havelock, NB E0A 1W0	Havelock
Mr. Fred Hatfield Humpty Dumpty Foods Limited P. O. Box 537 Hartland, NB E0J 1N0	Hartland
Mr. Bruce Drost J. D. Irving Ltd. P. O. Box 389 Saint John, NB E0L 1M0	Veneer
Mr. Douglas R. Button Tank Car Traffic Irving Oil Limited P. O. Box 1421 Saint John, NB E2L 4K1	Florenceville Grand Falls
Mr. Pat Karnes General Manager Karnes Kitchens Limited Division of Eastern Bakeries R. R. # 3, Houlton Road Woodstock, NB E0J 2B0	Woodstock
Mr. Ed Corey Purchasing Manager L & A Machine Works Ltd. P. O. Box 134 Fredericton, NB E3B 4Y2	Fredericton
Mr. W. Levine General Manager Abe Levine & Sons Fton. Limited P. O. Box 475 Fredericton, NB E3B 4Z9	Fredericton
Mr. Brian MacPhee Vice-President, Operations Lockharts Ltd. P. O. Box 5020 Moncton, NB E1C 8N2	Sackville
Mr. C. B. Ross Maritime Lumber Ltd. P. O. Box 850 Woodstock, NB E0J 2B0	Woodstock

Company	Rail Station
Mr. Cyril Giberson Manager McCain Fertilizer Ltd. P. O. Box 155 Florenceville, NB EOJ 1KO	Florenceville Grand Falls
Mr. David McInroy Traffic Manager McCain Foods Limited P. O. Box 97 Florenceville, NB EOJ 1KO	Florenceville
Mr. David Young Nackawic Mechanical Ltd. P. O. Box 588 Nackawic, NB EOH 1PO	Nackawic
Ms. Elaine Humble Purchasing Officer N. B. Liquor Corporation P. O. Box 20787 Fredericton, NB E3B 5B8	Fredericton
Mr. Lloyd Miller General Manager N. B. Seed Growers' Co-operative Ltd. P. O. Box 277 Hartland, NB EOJ 1NO	Hartland
Mr. John Miller/Terry Gilbert Department of Transportation Province of New Brunswick P. O. Box 6000 Fredericton, NB E3B 5H1	Various
Mr. Robert Connors North York Industries Ltd. P. O. Box 70 Nackawic, NB EOH 1PO	Nackawic
Mr. Walter E. Carlisle Manager Royal Mills Limited P. O. Box 1112 Fredericton, NB E3B 5C2	Fredericton
Mr. J. G. Fitzpatrick Vice-President, Distribution Sobey's Stores Ltd. 115 King Street Stellarton, NS BOK 1SO	Oromocto

Company	Rail Station
Mr. Merlin Bradley Southampton Contractors Limited P. O. Box 160 Nackawic, NB EOH 1PO	Nackawic
Mr. Merlin R. Fox Manager Southampton Sawmills Ltd. P. O. Box 90 Nackawic, NB EOH 1PO	Nackawic
Mr. Jim Patterson St. Anne Chemical Company Ltd. P. O. Box 50 Nackawic, NB EOH 1PO	Nackawic
Mr. Elwood Tracey Manager, Purchasing & Transportation St. Anne-Nackawic Pulp & Paper Company Ltd. P. O. Box 1000 Nackawic, NB EOH 1PO	Nackawic
Mr. Pat Grannan President St. Stephen Foundry Ltd. P. O. Box 416 St. Stephen, NB E2L 3X3	Milltown
Mr. Hubert McFee Procurement Manager Star-Kist Canada, Inc. P. O. Box 428 St. Andrews, NB EOG 2X0	Champlain Spur
Mr. Colin Baker Manager Superior Propane Inc. P. O. Box 213 Fredericton, NB E3B 4Y9	Fredericton
Mr. Rick Rainville Tractors & Equipment (1962) Limited P. O. Box 1326 Fredericton, NB E3B 5E4	Fredericton
Mr. Roger McGeehan Office Manager Truefoam (N.B.) Limited P. O. Box 1045 Fredericton, NB E3B 5W6	Fredericton

Company	Rail Station
Mr. Henry Gilbert Valley Feeds Burtts Corner, NB EOH 1BO	Keswick
Mr. Greg Hargrove Valley Land & Water Ltd. P. O. Box 1171 Woodstock, NB EOJ 2BO	Woodstock
Mr. Willard Kitchen W. K. Lumber Mill Houlton Road Woodstock, NB EOJ 2BO	Woodstock
Mr. G. Breau General Manager York Structural Steel Co. P. O. Box 1417 Fredericton, NB E3B 5S4	Fredericton

Company	Rail Station
PRINCE EDWARD ISLAND	
Mr. Jim Baillie Manager Agro Co-operative Association Ltd. 12 Exhibition Drive Charlottetown, PE C1A 5Z5	Charlottetown
Atlantic Speedy Propane c/o Mr. Douglas R. Button Tank Car Traffic Irving Oil Limited P. O. Box 1421 Saint John, NB E2L 4K1	Charlottetown Summerside
Mr. Ian R. Rankin Atlantic Warehousing Ltd. P. O. Box 2920 Charlottetown, PE C1A 8C5	Charlottetown
Mr. Glen Wiggington Atlantic Wholesalers P. O. Box 7 Charlottetown, PE C1A 7K2	Charlottetown
Mr. Carl Bagnall Bagnall's Mills Ltd. P. O. Box 997 Charlottetown, PE C1A 7M4	Charlottetown
Mr. Glen Swallow Brookville Manufacturing Co. P. O. Box 2332 Saint John, NB E2L 3V6	Various PEI Lime Receiving Stations
Mr. W. D. Loggie Canada Packers Inc./ P.E.I. Produce Co. Ltd. Ottawa Street Summerside, PE C1N 2V5	Summerside
Lieut.-Col. W. E. St. Jean BTSO Canadian Forces Base Summerside Slemon Park, PE C0B 2A0	Linkletter
Mr. Herman Van den Broek Manager Cardigan Feed Services Ltd. Cardigan, PE C0A 1G0	Cardigan

Company	Rail Station
Mr. Thomas G. Kehoe Manager, Transportation & Distribution Cavendish Farms Ltd. P. O. Box 789 Moncton, NB E1C 8N6	Kensington
Mr. Russel Ching Russel Ching Produce Ltd. Souris, PE COA 2BO	Souris
Mr. Tingley Dawndale Farm Supplies Hunter River, PE COA 1NO	Hunter River
Mr. Robert H. DeBlois DeBlois Food Distributors P. O. Box 186 Charlottetown, PE C1A 7K4	Charlottetown
Mr. H. D. Bowie Esso Petroleum Canada P. O. Box 369 Charlottetown, PE C1A 7K7	Charlottetown
Mr. George Illsley President Illsley's Feed & Farm Supply Ltd. P. O. Box 1654 Summerside, PE C1N 2V5	Summerside
Mr. David Scales Island Fertilizers P. O. Box 334 Charlottetown, PE C1A 7K7	Charlottetown Kensington Summerside
Mr. Bill MacDonald President Island Lime Services Ltd. P. O. Box 7517 Brackley, PE C1A 8C2	Brackley
Mr. Paul H. Jenkins Jenkins Transfer Ltd. P. O. Box 354 Charlottetown, PE C1A 7K7	Charlottetown
Mr. H. Heckbert Kensington Co-operative Kensington, PE	Kensington

Company	Rail Station
Mr. Gary Linkletter Vice-President Linkletter Farms Ltd. 250 Glenn Drive Summerside, PE C1N 5N2	Summerside
Mr. Don Wood President Malpeque Fertilizers Ltd. P. O. Box 1655 Summerside, PE C1N 2V5	Summerside
Mr. Robert Rhead Maritime Electric P. O. Box 1328 Charlottetown, PE C1A 7N2	Charlottetown
Mr. Wayne Scott Manager Master Feeds Division of Maple Leaf Mills P. O. Box 40 Kensington, PE C0B 1M0	Kensington
Mr. John McKenna President McKenna Bros. Ltd. P. O. Box 70 Cardigan, PE C0A 1G0	48 Road
Mr. Daryl Lyle Nutrite Inc. P. O. Box 1600 Summerside, PE C1N 2V5	Summerside
Mr. Marvin MacDonald Manager O'Leary Farmers' Co-op Association Ltd. P. O. Box 219, 500 Main Street O'Leary, PE C0B 1V0	O'Leary
Mr. Herbert Phillips Phillips Feed Service Ltd. 18 Exhibition Drive Parkdale, PE C1A 5Z5	Charlottetown
Mr. Wallace Murphy P.E.I. Grain Elevator Corp. P. O. Box 250 Kensington, PE C0B 1M0	Kensington

Company	Rail Station
Mr. Gary Rennie R. H. Rennie & Sons (1985) Ltd. P. O. Box 9 Elmsdale, PE COB 1KO	Elmsdale
Mr. John Robinson Eric Robinson & Sons Ltd. P. O. Box 1 Albany, PE COB 1AO	Albany
Mr. Derek Hughes Purchasing Manager M. F. Schurman Company, Limited P. O. Box 3390 Summerside, PE C1N 4K3	Summerside
Mr. Frank Shea F. J. Shea & Sons Ltd. St. Louis, PE COB 1ZO	St. Louis
Mr. George Stewart Stewart Farms Ltd. Alberton, PE COB 1BO	Alberton
Mr. Gerrit Visser Gerritt Visser & Sons Orwell Cove Vernon P/O, PE COA 2EO	Uigg
Mr. W. Sabine Westisle Farm Supply Ltd. P. O. Box 309 O'Leary, PE COB 1VO	O'Leary
Mr. Garth Wilkie Wilkie Farms Ltd. R. R. # 1 Alberton, PE COB 1BO	Alberton
Mr. Orville Willis C. F. Willis & Sons Produce Ltd. P. O. Box 128 O'Leary, PE COB 1VO	O'Leary
Mr. Don MacKenzie H. B. Willis (1974) Ltd. P. O. Box 610 O'Leary, PE COB 1VO	O'Leary

Other Interested Parties - (Companies Selling to Customers on Potentially Affected Lines, Industrial Development Agencies, Government Departments, etc.)

Mr. Stan Boudreau
Chairman, Agricultural Committee
Annapolis Valley Affiliated Boards of Trade
P. O. Box 1149
Middleton, NS BOS 1PO

Mr. Stan Price, General Manager
Capital Region Development Commission Inc.
618 Queen Street
Fredericton, NB E3B 1C2

Mr. Gordon J. Roach, Industrial Commissioner
Carleton Regional Development Commission
P. O. Box 1929
Woodstock, NB EOJ 2BO

Mr. Ivan Duke
Manager of Processing
Denison-Potacan Potash Company
P. O. Box 5005
Sussex, NB EOE 1PO

Mr. Clarence G. Surette, Industrial Commissioner
Grand Falls Region Development Commission Inc.
P. O. Box 2754
Grand Falls, NB EOJ 1MO

Mr. Gerald Polley
Traffic Supervisor
Potash Company of America, Inc.
P. O. Box 1489
Sussex, NB EOE 1PO

Mr. Lawrence R. Steeves
Regional Director
Mr. Don M. Mollins
Chief, Operations
Railway Transport Committee
Atlantic Region
Canadian Transport Commission
4th Floor, Terminal Plaza Building
1222 Main Street
Moncton, NB E1C 1H6

Mr. Don O'Leary, General Manager
Saint John-Fundy Region Development Commission
P. O. Box 1971
Saint John, NB   E2L 4L1

Mr. Wayne Perry, Manager
Smith Brokerage Limited
P. O. Box 1166
Saint John, NB   E2L 4G5

Mr. Tom Ptolemy
Texaco Canada Inc.
P. O. Box 120
Suite 60, 1000 Windmill Road
Dartmouth, NS   B2Y 4K6

Railways and Other Carriers

CN Rail - Mr. C. L. Carson
Manager, Market Development and Pricing

Mr. H. G. Constable
Market Manager

Mr. D. P. LeBlanc
Marketing Officer

CP Rail - Mr. R. J. Ritchie
Executive Vice-President

Mr. M. D. Apedaile
Director General, Government & Industry Affairs

Mr. Jacques Cote
General Manager, Marketing & Sales

Mr. Wm. L. Arnold
District Manager, Marketing & Sales

Marine Atlantic - Mr. C. R. Kelley
Manager, Operations and Control

Mr. R. J. Arsenault
Manager, Research and Development

Mr. Dwight Hawkins
Senior Project Officer

ATLANTIC PROVINCES TRANSPORTATION COMMISSION
MONCTON, NB MAY 1, 1987

NOVA SC

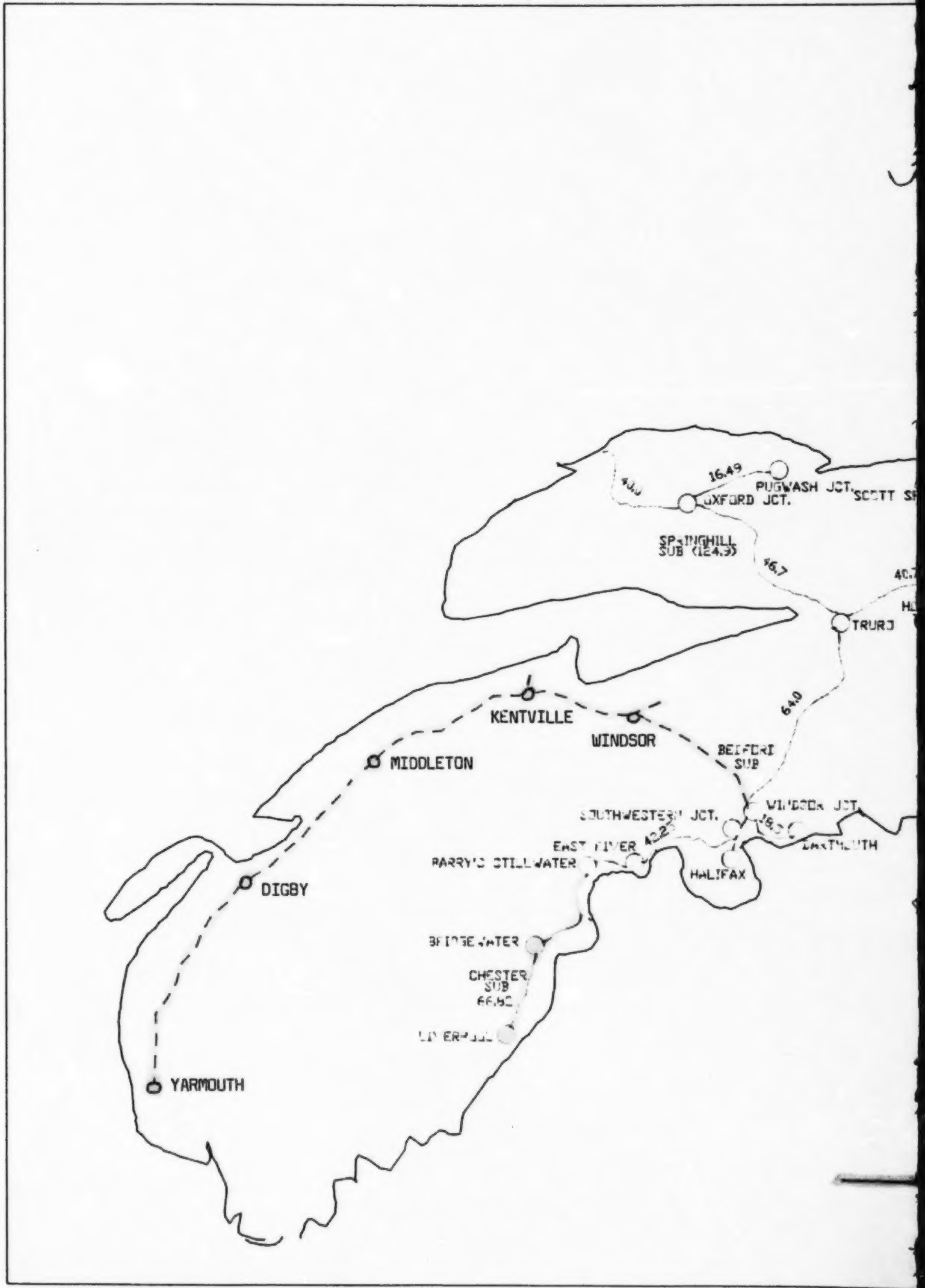
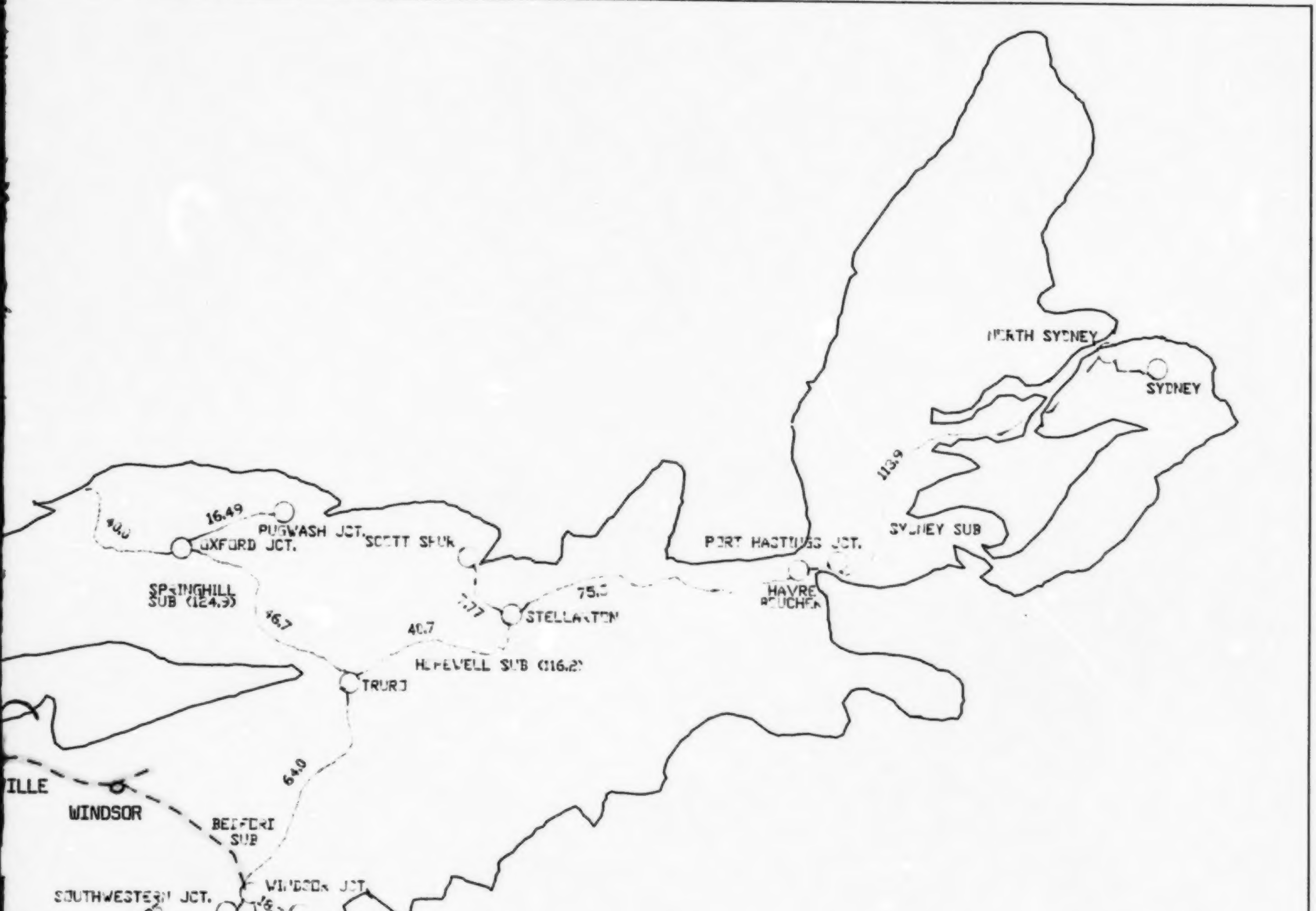

40.0
16.49
PUGWASH JCT.
SCOTT S
OXFORD JCT.
SPRINGHILL SUB (124.9)
46.7
40.7
TRURO
64.0
KENTVILLE
WINDSOR
BEDFORD SUB
MIDDLETON
WINDSOR JCT.
SOUTHWESTERN JCT.
DARTMOUTH
EAST RIVER
42.2
BARRY'S STILLWATER
HALIFAX
DIGBY
BRIDGEWATER
CHESTER SUB 66.80
LIVERPOOL
YARMOUTH

CHART A

NOVA SCOTIA


NORTH SYDNEY
SYDNEY
113.9
SYDNEY SUB
PORT HASTINGS JCT.
HAVRE BOUCHER
40.0
16.49
PUGWASH JCT.
OXFORD JCT.
SCOTT SPUR
75.3
7.77
STELLARTON
SPRINGHILL SUB (124.9)
46.7
40.7
HOPEWELL SUB (116.2)
TRURO
64.0
ILLE
WINDSOR
BEDFORD SUB
WINDSOR JCT.
SOUTHWESTERN JCT.
16.5
DARTMOUTH
EAST RIVER
42.2
WATER
HALIFAX
CN RAIL
Short Term Potential
CN LINES
CP LINES

NEW BRUNS

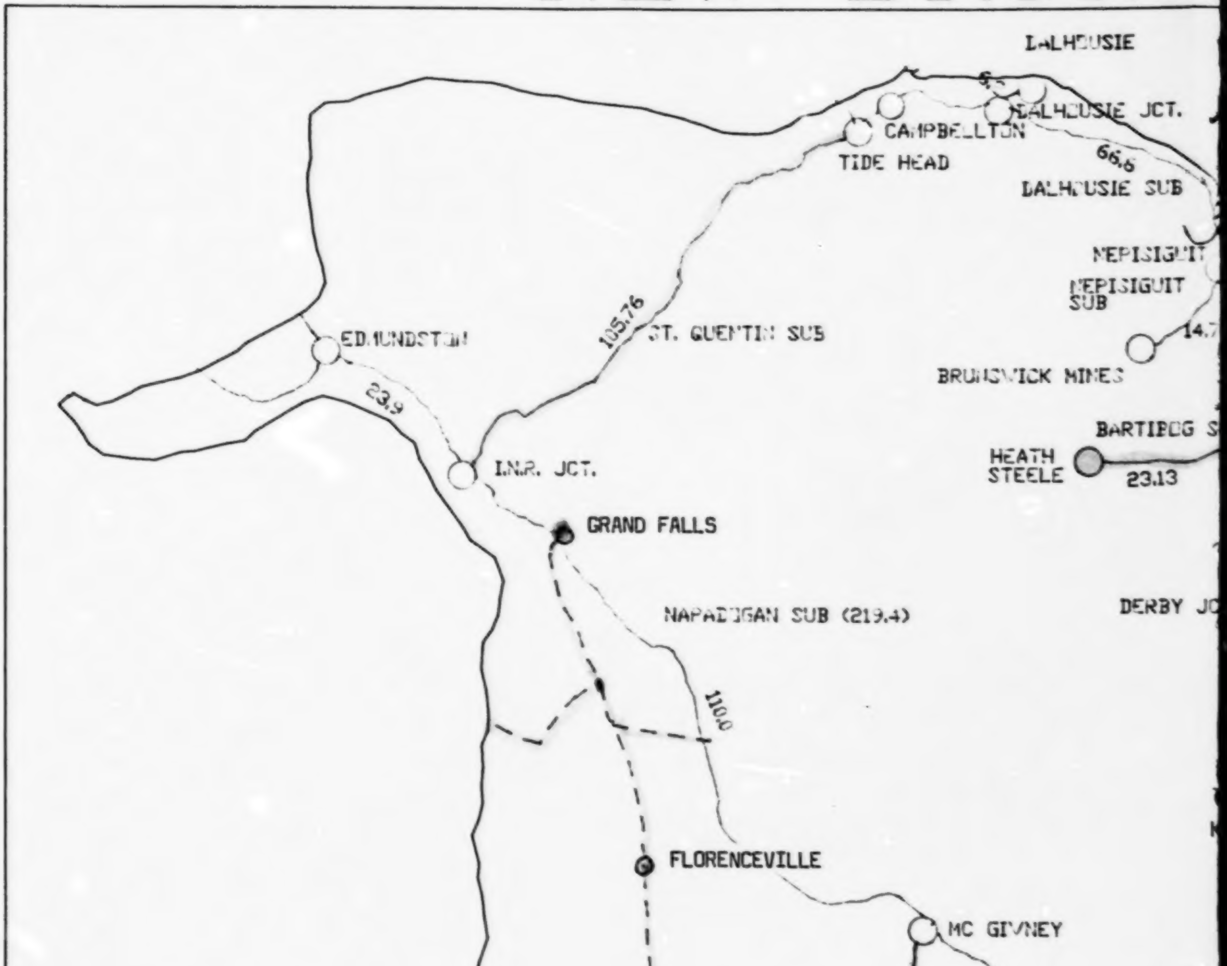
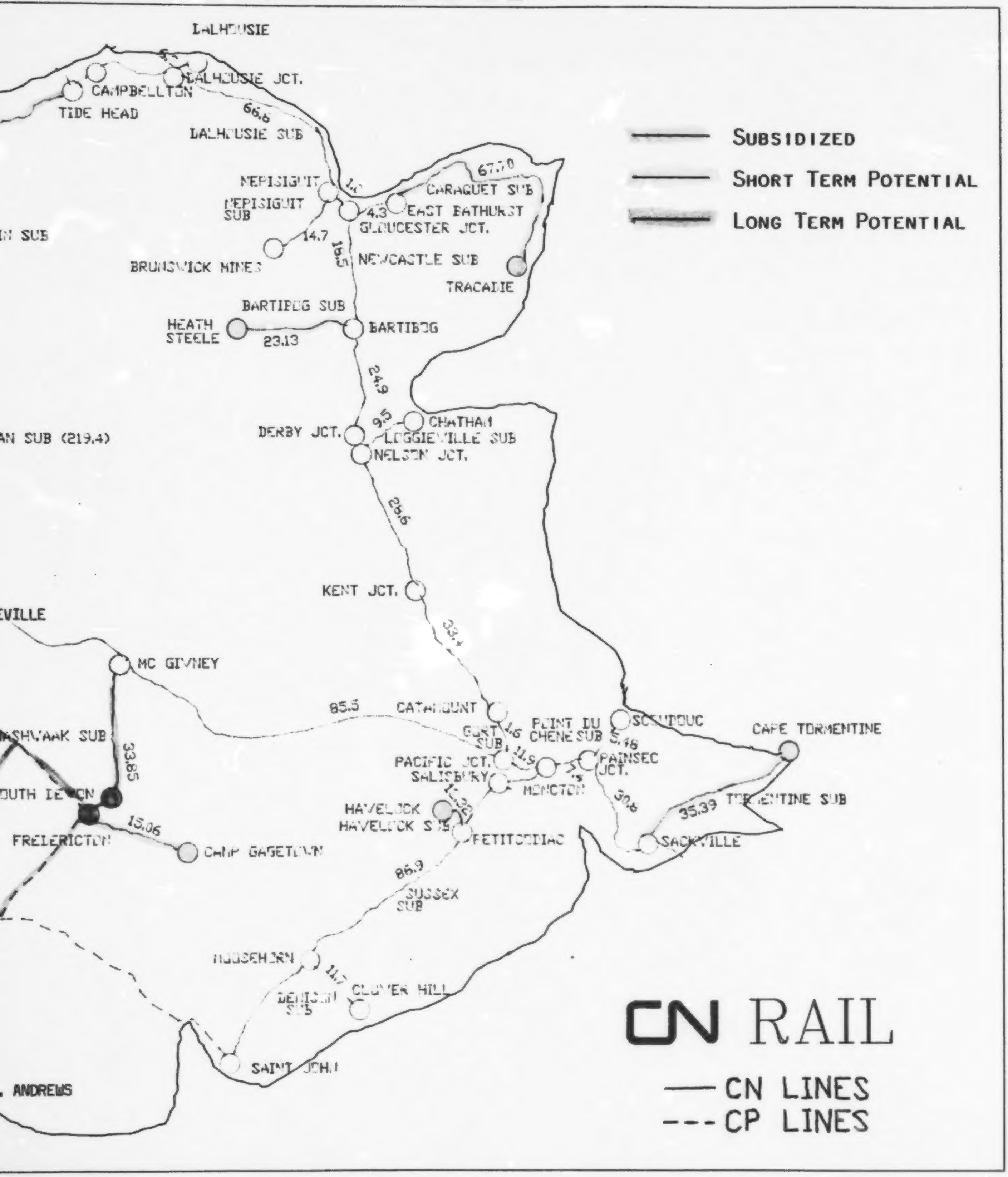

DALHOUSIE
6.
DALHOUSIE JCT.
CAMPBELLTON
TIDE HEAD
66.6
DALHOUSIE SUB
NEPISIGUIT
NEPISIGUIT SUB
14.7
BRUNSWICK MINES
BARTIBOG S
HEATH STEELE
23.13
EDMUNDSTON
105.76
ST. QUENTIN SUB
23.9
I.N.R. JCT.
GRAND FALLS
NAPADOGAN SUB (219.4)
110.0
DERBY JC
FLORENCEVILLE
MC GIVNEY
CENTREVILLE SUB
NASHWAAK SUB
33.85
WOODSTOCK
6.53
VALLEY
SOUTH DEVON
HOULTON
FREDERICTON
15.06
CAMP GAGETOWN
McADAM
MOOSEHORN
DENIS SUB
ST. STEPHEN
ST. ANDREWS
SAINT JO

CHART B

BRUNSWICK


DALHOUSIE
CAMPBELLTON
DALHOUSIE JCT.
TIDE HEAD
66.6
DALHOUSIE SUB
NEPISIGUIT
1.6
CARAQUET SUB
67.70
NEPISIGUIT SUB
4.3
EAST BATHURST
GLOUCESTER JCT.
14.7
18.5
BRUNSWICK MINES
NEWCASTLE SUB
TRACADIE
BARTIBOG SUB
HEATH STEELE
23.13
BARTIBOG
24.9
DERBY JCT.
9.5
CHATHAM
LOGGIEVILLE SUB
NELSON JCT.
AN SUB (219.4)
26.6
KENT JCT.
33.4
EVILLE
MC GIVNEY
85.5
CATAMOUNT
1.6
GORT SUB
POINT DU CHENE SUB
5.48
SCOUDOUC
CAPE TORMENTINE
ASHWAAK SUB
33.85
PACIFIC JCT.
11.9
PAINSEC JCT.
SALISBURY
MONCTON
30.6
35.39
TORMENTINE SUB
OUTH DEVON
HAVELOCK
HAVELOCK SUB
FREDERICTON
15.06
CAMP GAGETOWN
PETITCODIAC
SACKVILLE
86.9
SUSSEX SUB
NOOSEHORN
11.7
DENISON SUB
CLOVER HILL
SAINT JOHN
. ANDREWS
SUBSIDIZED
SHORT TERM POTENTIAL
LONG TERM POTENTIAL
CN RAIL
CN LINES
CP LINES

PRINCE EDWARD

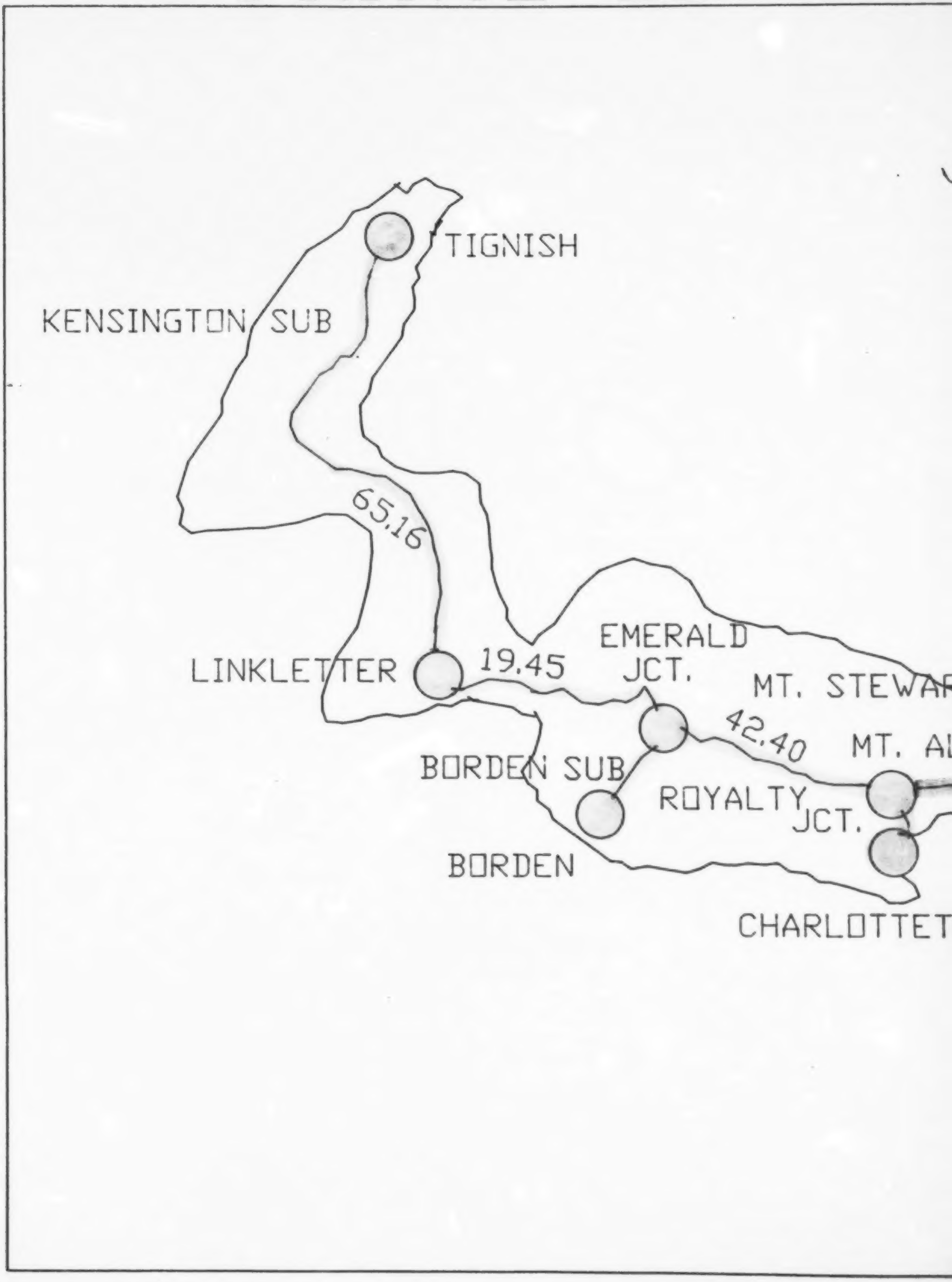

TIGNISH
KENSINGTON SUB
65.16
LINKLETTER
19.45
EMERALD
JCT.
MT. STEWAR
42.40
MT. AL
BORDEN SUB
ROYALTY JCT.
BORDEN
CHARLOTTET

CHART D

ATLANTIC REGION NETWORK

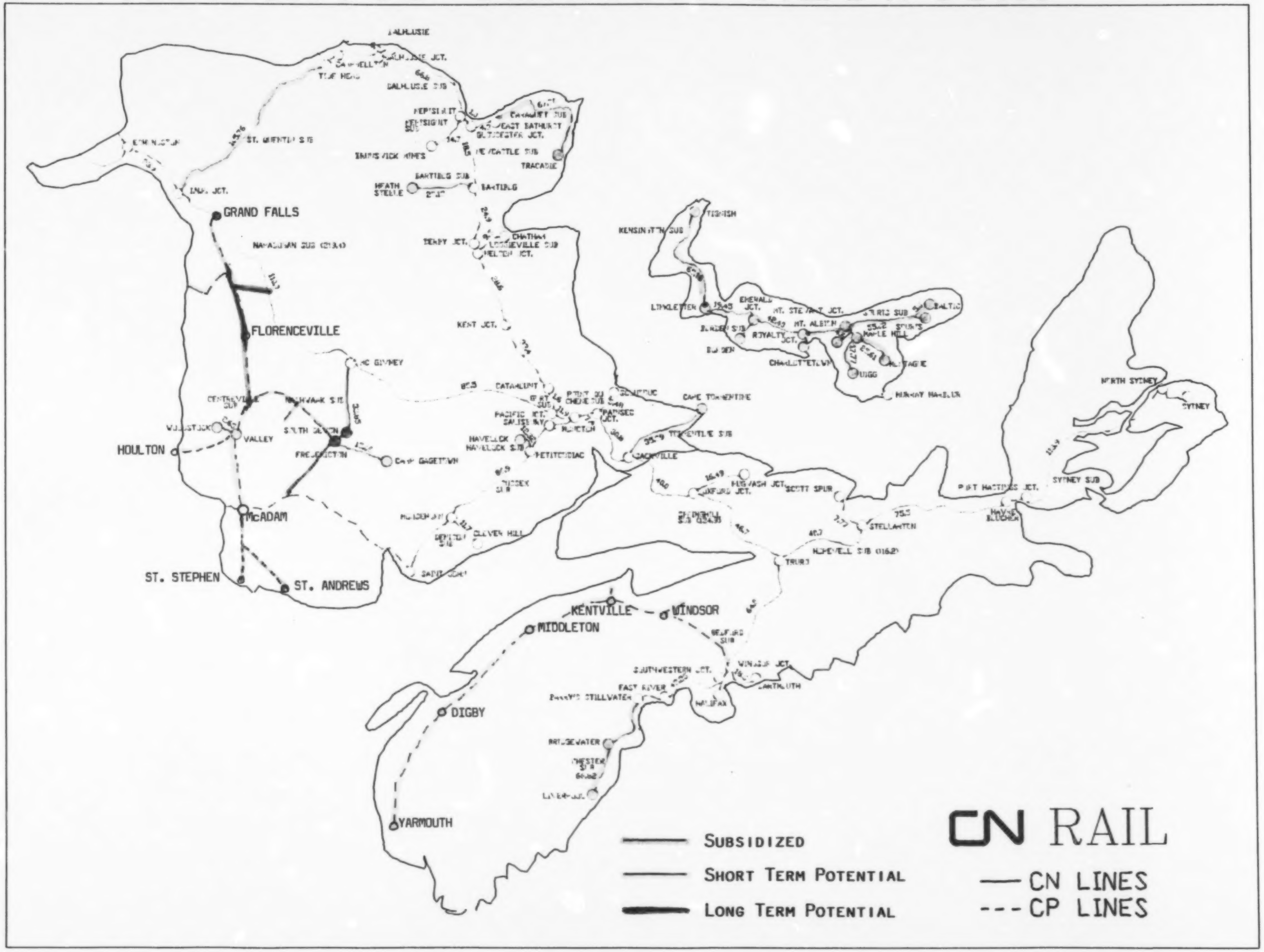
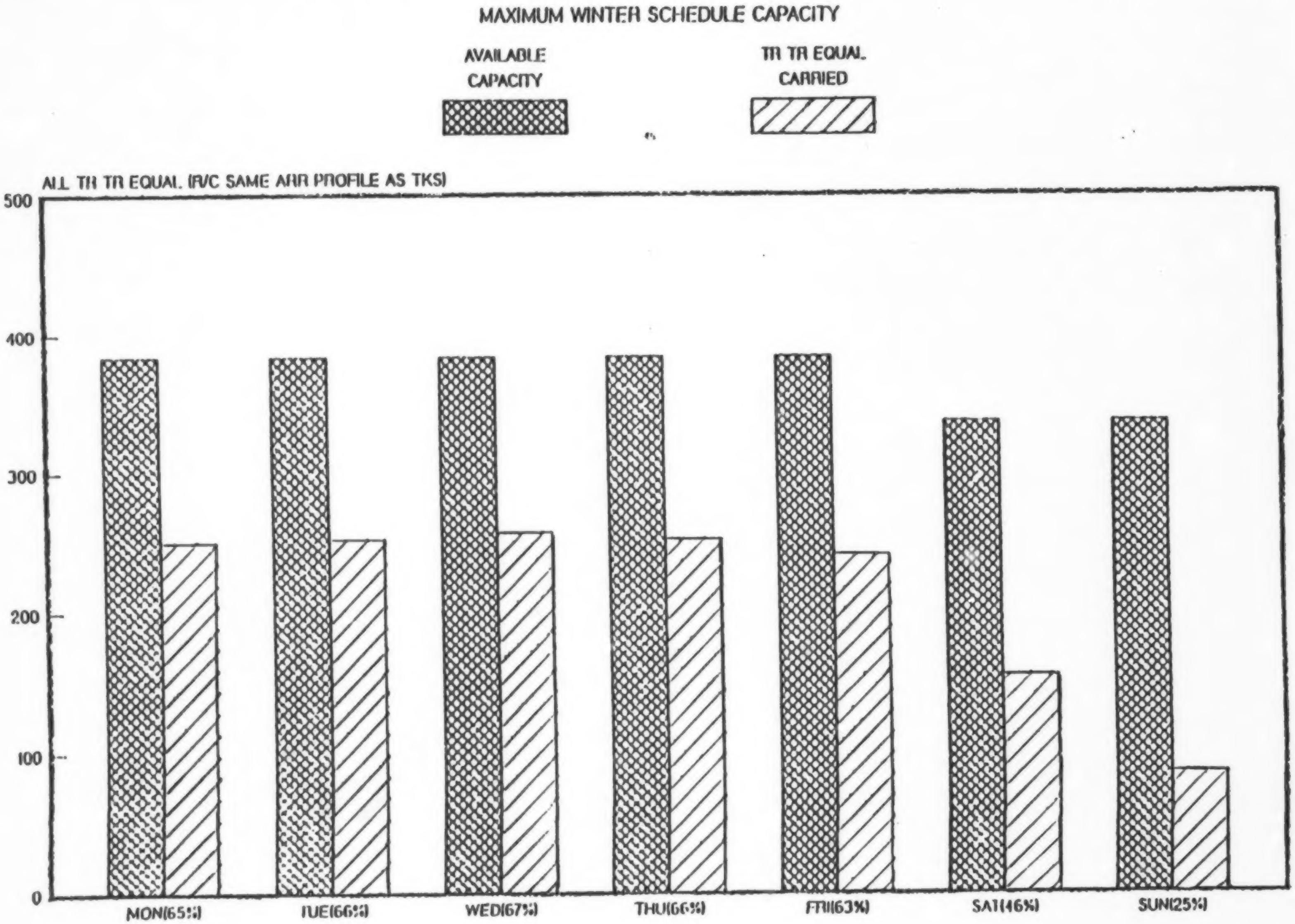

DALHOUSIE
DALHOUSIE JCT.
CAMPBELLTON
TIDE HEAD
DALHOUSIE SUB
EDMUNDSTON
ST. QUENTIN SUB
NEPISIGUIT
NEPISIGUIT SUB
CARAQUET SUB
EAST BATHURST
GLOUCESTER JCT.
BRUNSWICK MINES
NEWCASTLE SUB
TRACADIE
BARTIBOG SUB
HEATH STEELE
BARTIBOG
GRAND FALLS
NAPADOGAN SUB (213.4)
DERBY JCT.
CHATHAM
LOGGIEVILLE SUB
NELSON JCT.
FLORENCEVILLE
KENT JCT.
MC GIVNEY
CATAMOUNT
CENTREVILLE SUB
NASHWAAK SUB
WOODSTOCK
VALLEY
SOUTH DEVON
HOULTON
FREDERICTON
CAMP GAGETOWN
McADAM
ST. STEPHEN
ST. ANDREWS
SAINT JOHN
CLOVER HILL
SUSSEX SUB
PACIFIC JCT.
SALISBURY
MONCTON
POINT DU CHENE SUB
SHEDIAC
PAINSEC JCT.
HAVELOCK
HAVELOCK SUB
PETITCODIAC
SACKVILLE
CAPE TORMENTINE
TORMENTINE SUB
TIGNISH
KENSINGTON SUB
LINKLETTER
EMERALD JCT.
BORDEN SUB
BORDEN
ROYALTY JCT.
CHARLOTTETOWN
MT. STEWART JCT.
MT. ALBION
SOURIS SUB
BALTIC
SOURIS
MAPLE HILL
MONTAGUE
UIGG
MURRAY HARBOUR
PUGWASH JCT.
OXFORD JCT.
SPRINGHILL SUB (124.3)
SCOTT SPUR
STELLARTON
HOPEWELL SUB (116.2)
TRURO
PORT HASTINGS JCT.
HAVRE BOUCHER
SYDNEY SUB
NORTH SYDNEY
SYDNEY
KENTVILLE
WINDSOR
MIDDLETON
BEDFORD SUB
WINDSOR JCT.
SOUTHWESTERN JCT.
EAST RIVER
STILLWATER
DARTMOUTH
HALIFAX
DIGBY
BRIDGEWATER
CHESTER SUB
64.62
LIVERPOOL
YARMOUTH
SUBSIDIZED
SHORT TERM POTENTIAL
LONG TERM POTENTIAL
CN RAIL
— CN LINES
- - - CP LINES

CHART E

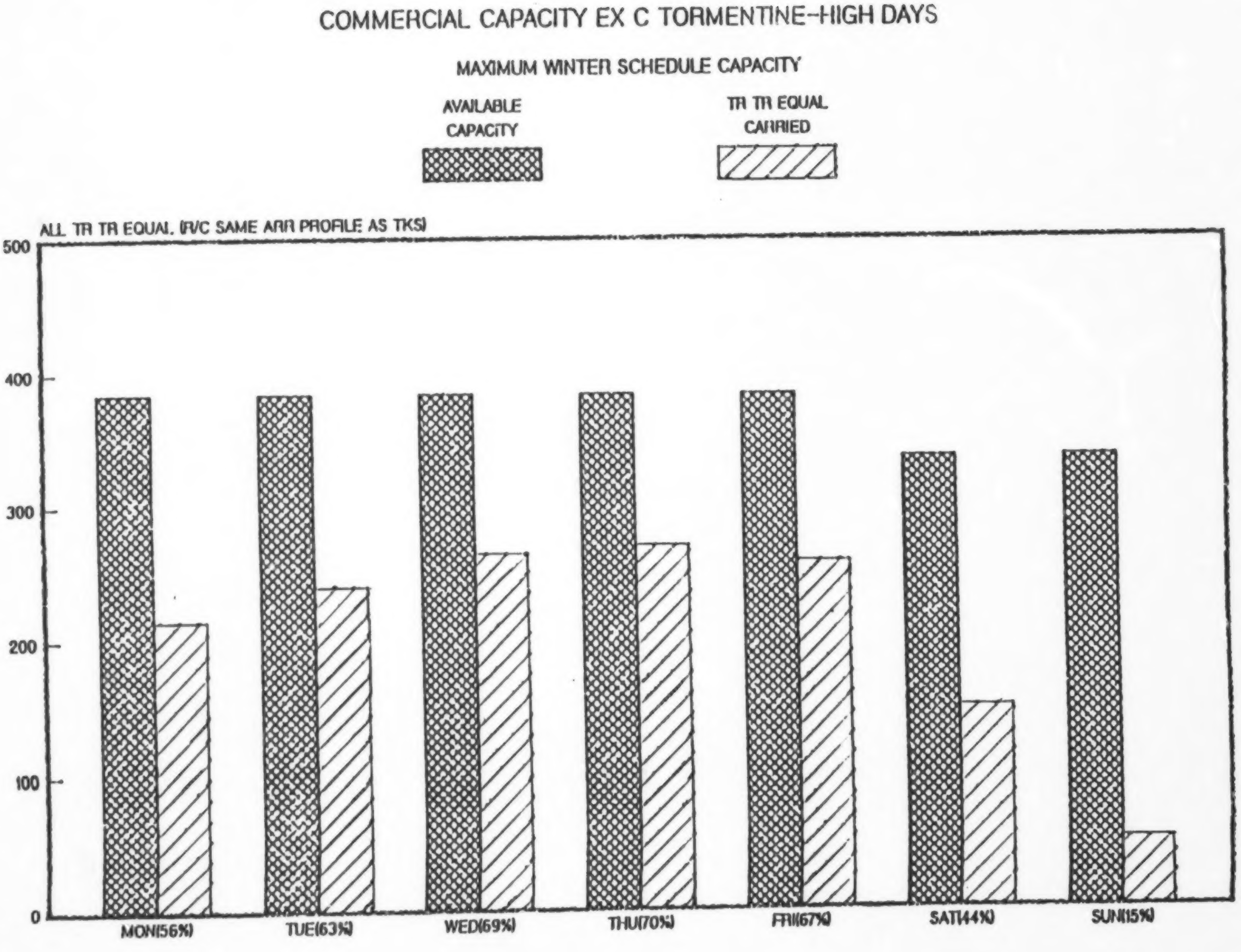
COMMERCIAL CAPACITY EX BORDEN – HIGH DAYS



Source: Marine Atlantic Inc.

BASED ON PERIOD 11 DEC 1986 – 14 JAN 1987

CHART F

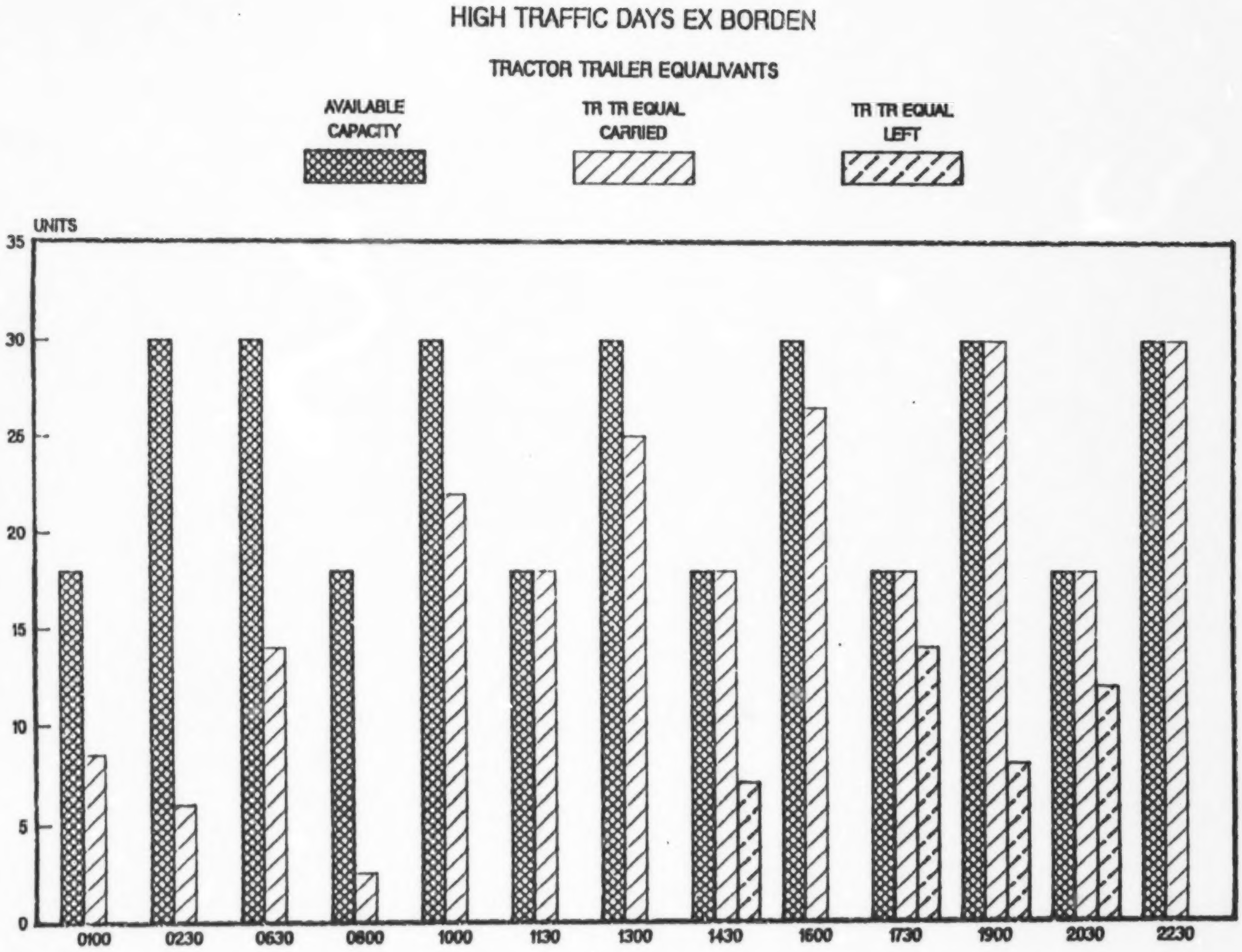

COMMERCIAL CAPACITY EX C TORMENTINE–HIGH DAYS

MAXIMUM WINTER SCHEDULE CAPACITY

Source: Marine Atlantic Inc.

BASED ON PERIOD 11 DEC 1986 – 14 JAN 1987

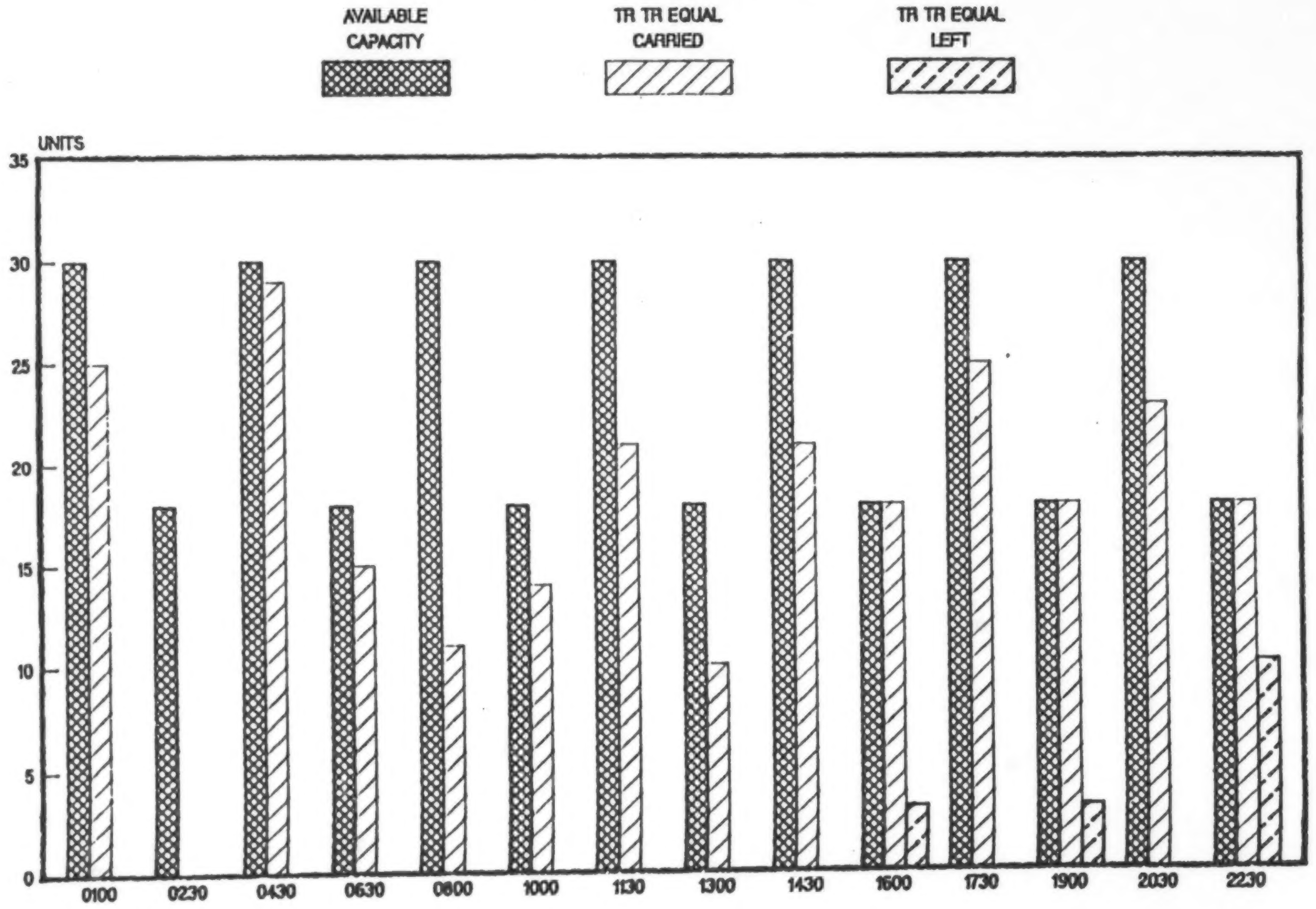
CHART G



BASED ON TR TR EQUAL FOR WED 17 DEC 236 UNITS .

Source: Marine Atlantic Inc.

CHART H


HIGH TRAFFIC DAYS EX CAPE TORMENTINE

TRACTOR TRAILER EQUALIVANTS

BASED ON TR TR EQUAL FOR THUR 11 DEC 246 UNITS

Source: Marine Atlantic Inc.